

TODAY'S WEATHER—PARIS: Partly cloudy, temp. 43-54 (6-1). TOMORROW similar. Yesterday's temp. 43-54 (6-1). LONDON: Occasional rain, temp. 43-54 (6-1). Tomorrow little change. Temp. 43-54 (6-1). CHANNEL: SIGHT DANE: Cloudy, temp. 43-54 (6-1). NEW YORK: 43-54 (6-1). Yesterday's temp. 43-54 (6-1).

ADDITIONAL WEATHER—PAGE 5

INTERNATIONAL

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**

PARIS, TUESDAY, FEBRUARY 22, 1972

Established 1837

Nixon's First Day: Early Talk With Mao, Friendship Toast Exchanges With Chou



THE TWAIN MEET.—President Nixon greeted yesterday by Chairman Mao Tse-tung at the start of a private, unscheduled meeting with the Chinese leader on his first day in Peking. They had been expected to meet later.

U.K. Miners Special Case, Unions Told

LONDON, Feb. 21 (AP)—The government today warned labor unions lining up in Britain's lengthy pay-claim queue not to expect wage increases like those won by the miners.

As the nation's 280,000 miners prepared to vote on acceptance of the pay package offered them after a six-week strike that crippled the country in a power crisis, Employment Minister Robert Carr served notice the government is determined to hold the line against further inflationary wage hikes.

He told the House of Commons, "It is essential that the country as a whole, and in particular all concerned with pay negotiations, should accept that the level of the coal-mining settlement is due to reasons which are exceptional and do not apply to industry generally."

Mr. Carr said government policy in the battle against inflation is still based on the "overriding need for moderation in wage settlements."

The miners extracted pay increases averaging 20 percent in a deal that blasted a gaping hole in the government's unofficial wage-hike ceiling of 8 percent.

Claims are pending from railroad unions, nurses, teachers and London transport and building workers. The leaders are expected to use the "special case" argument which was the linchpin of the miners' victory.

Although the miners have lifted their picket blocks on power stations and around stockpiled coal, they are not due to vote on the offer in a national ballot before Wednesday, and a resumption of work is not expected before next Monday.

Power blackouts which have reduced industry to a three-day week and cut electricity supplies to millions of homes on a rotation basis were still in force today.

Trade and Industry Minister John Davies forecast in the Commons that the cuts will continue at the same level for some time, and that it will take a month for the situation to return to normal.

He said the main burden would fall on home consumers while the government strives to restore full industrial production.

The National Coal Board again

In the Central Highlands

U.S. Raids Said to Delay Tet Drive

By Fox Butterfield

PLEIKU, South Vietnam, Feb. 21 (UPI)—The expected major enemy offensive in the Central Highlands during the Tet lunar new year and President Nixon's trip to China has been delayed for at least several weeks by a

combination of intensive U.S. air strikes and the capture of key enemy guerrillas, the South Vietnamese commander in the highlands said today.

Lt. Gen. Ngo Dau, the commander, said he had not been able to sleep for the last three

nights because "we had reliable information that the North Vietnamese were going to attack."

But, he continued, special South Vietnamese patrols in enemy territory found that the heavy U.S. air raids in the highlands just before the Tet holiday last week had had a "fantast effect" in destroying supply lines.

Gen. Dau said that the U.S. planes flew more than 500 sorties on Feb. 11, 12 and 13,

Gen. Dau, who spoke to newsmen in his hilltop headquarters in Pleiku, said that the North Vietnamese had continued to build a maze of roads and move large quantities of supplies opposite Kontum city and the key outpost of Ben Het.

"We are watching them carefully and there is no evidence that they have given up the idea of major attacks in Kontum," he said.

The North Vietnamese have a large base camp in the area where the South Vietnamese, Laotian and Cambodian border join and Kontum city and Ben Het are only a half dozen miles from the border.

U.S. and South Vietnamese intelligence have reported two new

North Vietnamese divisions moving

(Continued on Page 2, Col. 1)

Asks Return to "Socialist Principles"

Polish Leader Urges China to Reject Mao

WARSAW, Feb. 21 (UPI)—The Polish Communist party leader, Edward Gierak, appealed today to the Chinese people to reject Chairman Mao Tse-tung's policies and "restore Socialist principles" and reliable allies—the Socialist countries.

The attack was the strongest yet leveled by Poland, a main ally of the Soviet Union in its ideological conflict with China.

At a mass rally, Mr. Gierak said: "Our position toward China is clear. It results from the principles of Marxism-Leninism."

"We condemn as greatly harmful the policy of the Chinese leadership. It abandoned the principles of Marxism-Leninism and replaced them by Maoist ideology, the essence of which is nationalism and great-power chauvinism."

The official said Lufthansa flight 618 with 180 passengers aboard was taken over by an unknown person or persons about one hour after it took off from New Delhi at 0100 local time (1930 GMT).

The pilot messaged us that he no longer was in command," the official said.

As of 0530 local (2400 GMT)

there was still no word as to the location of the aircraft.

(Continued on Page 2, Col. 1)

The official Polish press agency reported without comment today to the arrival of Mr. Nixon in Peking in a 90-word dispatch.

Elsewhere in Eastern Europe, Hungary, Romania, Yugoslavia and Bulgaria all carried news stories on Mr. Nixon's arrival. Only the Sofia radio was sharply critical of the visit—saying that both countries were ready to make deals with the devil to achieve their aims.

The Bulgarian radio commented: "American anti-Communism and the stirrings of China for a world hegemony coincide in such a way that both states are ready for the achievement of their goals to make deals even with the devil."

The Czechoslovak party paper, *Pravda*, softened its criticism of the visit, but the Slovak party paper, *Pravda*, concentrated its scorn on China's role.

his chopsticks what appeared to be a shrimp.

Aside from the serious formal toasts by Mr. Chou and Mr. Nixon, an air of joviality marked the meal. The Nixons enjoyed the food and seemed to relish the company. All at the main table chatted with animation.

Mr. Chou, 78, several times allowed a look of enjoyment to light his normally severe mien as he sat ramrod-straight in his leather chair.

He sat with an interpreter be-

tween the Nixons at the main table, which was huge and round. A bower of flowers, several feet in diameter, dominated the table.

Below them in the Great Hall of the People, round tables about half the size of the leader's were ranged in neat rows.

Music opened the dinner, with renditions by a large Chinese orchestra of "The Star-Spangled Banner" and then several American tunes—"Home on the Range," "Turkey in the Straw" and "America, the Beautiful."

At one point while Mr. Nixon and Mr. Chou were dining, Henry A. Kissinger, the President's national security adviser, leaned over to talk with both men.

Mr. Chou and Mr. Kissinger appeared to exchange light-hearted humor.

"Any minute now they'll start passing papers for us to sign," said Mr. Kissinger as the "gong-hay"—bottoms up—toasts drunk in Mao Tai, the potent sorghum-based Chinese whiskey, followed in dangerous profusion, AP reported.

Mr. Nixon is scheduled to give a banquet later this week for Premier Chou.

Premier Greets America by TV

By Max Frankel

PEKING, Feb. 21 (UPI)—President Nixon began his weeklong summit conference in China today by receiving a surprise audience with Chairman Mao Tse-tung, exchanging unusual toasts with Premier Chou En-lai and then joining in two rather extensive rounds of hilarous glass-clinking in the Great Hall of the People on the Square of the Gate of Heavenly Peace.

The meeting with Mr. Mao, the enshrined leader of the Communist rulers of China, appeared to have been added hurriedly to Mr. Nixon's schedule on his first afternoon here. But nothing is known about what was said and attention was therefore focused

on the remarkable banquet given for the visiting Americans by the premier this evening.

After the shark's fin in three shreds at the banquet, Mr. Chou rose to send greetings across the ocean, by television, to the American people and to describe Mr. Nixon's long journey here as a "positive move" responding to the wishes of the peoples of both countries.

Mr. Chou said the reasons for 20 years of tension without contacts were "known to all"—meaning primarily American support for an independent Taiwan. He credited both governments for "common efforts" to open the gate to better contacts at last. And he expressed confidence that further pressure from the people—who "alone" shape world history—will surely bring the day when China and the United States can establish "normal state relations."

Mr. Nixon responded, in a more expansive tone, after the fried and stewed prawns. Rising from table No. 1, where he had eaten with chopsticks after his hosts had loaded his plate with a serving of each dish in succession, he found the hospitality incomparable, the dinner magnificent and the American music, as rendered by the People's Liberation Army band, played better than in any other foreign land.

Although the Chinese have made it plain that they still harbor suspicions about American policy and what they call its "imperialism," the President did his best to bury the American fears of a Chinese menace that he himself had once helped to arouse.

"Common Interests"

"There is no reason for us to be enemies," he said. "Neither of us seeks the territory of the other. Neither of us seeks domination over the other. Neither of us seeks to stretch out our hands and rule the world."

There were emmules in the past and there are differences today, Mr. Nixon asserted, but the "common interests" of the moment transcend everything else.

Using the most vivid image of Chinese revolutionary history, the President proposed a "long march" on different roads to the common goal of a "structure of peace."

greatness which can build a new and a better world."

After each of the toasts before 800 guests at round tables in the huge reception hall, the principal conferees went roaming, thimble-size glasses in hand, clinking this way and that way from table to table and slipping or pretending, as Mr. Chou usually pretends.

The Americans warmed up gradually to this routine, as the

band offered a bouncy tune. Mr. Nixon, Secretary of State William P. Rogers and security adviser Henry A. Kissinger were soon scattered far from their own sumptuous table, while the premier and his principal Politburo colleagues for this visit, Yu Chien-ying, who is in charge of the military, and Li Hsien-nien, the vice-premier who is in charge

(Continued on Page 2, Col. 2)



PART OF THE RITUAL.—President Nixon and Premier Chou En-lai, followed by an interpreter, inspecting People's Army honor guard yesterday at the airport in Peking.

A Banquet Aglow With Good Cheer

PEKING, Feb. 21 (UPI)—Pat and Richard Nixon wielded chopsticks with dexterity tonight at a banquet given by Chou En-lai.

The American guests ate with obvious gusto, and the trim Chinese waiters and waitresses were hard-pressed to keep the wine goblets filled, so vigorously did the Nixons toast their hosts.

The dinner—attended by 700—lasted almost three hours. The sipping was leisurely, the sipping unrestrained.

An ebullient President Nixon, after formally toasting Premier Chou from the platform at the front of the immense Great Hall of the People, stepped down and meandered from table to table among lesser officials, lifting his glass, clinking it to another, taking a nip, nodding his head and moving on to the next guest. He appeared to miss no one.

Such circulation by the guest of honor is a custom in China.

The menu was lavish for a Chinese dinner, and included shark's fin—considered a sign of high esteem for the principal guest.

A Table for 26

Mr. Chou was an exemplary host, apparently conversing at times in English with his American guests at the main table, arranged for 20 persons.

Once, Mr. Chou served Mr. Nixon a bit of food from a dish. Another time the short, slender Chinese premier rose and reached far across the table to spear with

Saigon General Confident**U.S. Bombing Said to Delay Tet Offensive in Highlands**

(Continued from Page 1)
into the base area in the last two weeks. Gen. Dau said that the enemy had built roads and moved supplies into South Vietnam but had not yet moved troops across the border.

The general said the North Vietnamese could move troops into Kontum in 34 to 48 hours if they decided to attack.

The area is a vast wilderness of mountains covered by jungle. From the air many roads and paths leading in from the border are visible. U.S. officers say they have all been built in the last few weeks.

The South Vietnamese have

U.K. Miners Special Case, Unions Told

(Continued from Page 1)
took full page newspaper advertisements today urging the public to continue electricity economies until the brunt of the crisis has passed.

Mr. Davies had already praised domestic consumers for their splendid response."

The National Coal Board today commandeered every available truck, train and ship to rush stockpiled coal to the fuel-starved power stations.

Up to 80,000 tons was shifted over the weekend after miners' leaders accepted the recommended payoff early Saturday. The NCB said it hoped to move another 500,000 tons to generating plants across England and Wales by next weekend.

A Central Electricity Generating Board spokesman said power stations normally consume 1.5 million tons of coal a week during the winter months but could get by on 900,000 tons while the power cuts last.

Blast Kills 4 In Belfast

(Continued from Page 1)
large ammunition cache in a Catholic girls' school.

"We were acting on information received," he said.

Just before the troops arrived at the door of the school, three gelignite bombs were thrown at them.

"This may have been an attempt to decoy our troops from the school, but we did not investigate," he said.

In Londonderry meanwhile, an army spokesman said, troops pumped rifle fire into the spire of St. Eugene's Cathedral in the Catholic Bogside district during the night while battling snipers firing from there.

In Coleraine, 25 miles northeast of Londonderry, a British Defense Ministry counsel defended the conduct of troops in the Londonderry shootings of Jan. 30 on the opening day of a British government inquiry into the incident.

Counsel Brian Gibbons denied allegations by Catholic civil-rights leaders that troops opened fire at random on unarmed civilians when the soldiers moved in to disperse the parade, held in defiance of the Northern Ireland government's ban on all marches in the province.

Mr. Gibbons told the inquiry being conducted by Britain's Lord Chief Justice Widgery that the troops acted "responsibly" and in a disciplined manner" during the Londonderry bloodshed.

Mr. Gibbons said the troops used "minimum force, did not fire indiscriminately, nor were they carrying out a policy of murder" in dispersing the marchers.

WEATHER

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BERLIN.....	6	43
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BUDAPEST.....	2	36
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VIENNA.....	3	33
WARSAW.....	7	43
WENGENS.....	2	36
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EUROPE.....	18	64
U.S. Christian temperatures taken at 1700 GMT; others at 1200 GMT		

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Associated Press
FESTIVE OCCASION—Huge table, decorated and laden with food, faces President and Mrs. Nixon and Pre-

mier Chou En-lai, far side of table, at state dinner yesterday winding up the President's first day in China.



Associated Press
CLIMBING TOGETHER—Official party led by President and Mrs. Nixon and Premier Chou En-lai and followed by host of aides, climb staircase lighted by huge chandeliers yesterday en route to the state dinner.

Nixon's First Day: Talk With Mao, Amity Toasts With Chou

(Continued from Page 1)

come, it said, as by news and television accounts that portrayed the arrangements as modest. Its spokesman contended that nothing more had been expected. But the party was in fact intensely curious about the caliber of reception the Chinese would stage and was informed of the situation by radio from the airport only moments before the President's plane touched down in Peking.

Flexibility Stressed
Much of this visit had been elaborately planned with the advance parties camping here since

2 Asia Scholars Differ on Wisdom Of Nixon's Trip

WASHINGTON, Feb. 21 (UPI)—Two Asia scholars from Harvard University disagreed yesterday on the wisdom of President Nixon's trip to Peking.

"It's the best thing that's happened in 10 years and probably 20 years" in U.S.-China relations, declared China expert John K. Fairbank, director of Harvard's East Asian Research Center.

Not so, argued Edwin O. Reischauer, former ambassador to Japan and now a Harvard professor. The President's trip, he asserted, is "just plain quixotic" and probably "just a spectacular new story."

Mr. Fairbank and Mr. Reischauer were interviewed on the television program "Meet the Press."

Mr. Reischauer commended Mr. Nixon for taking steps to relax tensions with the Chinese but said: "His actually going to China, I think, is a mistake."

He said the Chinese may wrongly interpret the President's visit as an indication of U.S. subservience. To the Japanese, Mr. Reischauer said, "We seem entirely unpredictable and unreliable."

Mr. Fairbank argued instead that the United States must end a practice of "always talking down to others," and that the President's gesture is a step in that direction.

4,100 More GIs Leave Vietnam

Saigon, Feb. 21 (UPI)—A total of 4,100 American troops left Vietnam last week, reducing the number of Americans still in the war zone to 127,100, the U.S. Command said today.

In addition to its weekly announcement on American military strength here, the command also said it was turning over to the South Vietnamese government a \$59 million air base at Tay Hoa on the central coast for future use as a civilian airfield.

As you said in your toast, the Chinese people are a great people. The American people are a

great people. If our two peoples are enemies, the future of the world we share together is dark indeed. But if in the future we can find common ground to work together, the prospects for world peace are immeasurably increased.

In the spirit of frankness I hope will characterize our talks this week, let us recognize these points.

We have had great differences at times in the past. We have great differences today. What brings us together is that we have common interests which transcend those differences.

As we discuss our differences, neither of us will compromise our principles. Although we cannot close the gulf between us, we can try to bring it so that we can stretch out our hands and rule to talk across it.

And so let us in these next five days start a long march together.

Not in lockstep but on different roads to the same goal: a goal of building a world structure of peace and justice in which all may stand together with equal dignity, in which each nation, large or small, has a right to determine its own form of government free of outside interference or domination.

The world watches, the world listens, the world waits to see what we will do.

What is the world? In a personal sense, I think of my eldest daughter whose birthday is to

Mrs. Gandhi Voices Warning On Any Decisions at Peking

NEW DELHI, Feb. 21 (Reuters)—Prime Minister Indira Gandhi declared today that India would not accept any decision taken at the current talks between President Nixon and Chinese leaders that would dictate terms to Asian countries.

Mrs. Gandhi told a public meeting here that "if the meetings between the American and Chinese leaders are meant to forge friendship," they are welcome.

"But apprehensions are being expressed that the talks are meant to forge some sort of a new power group. If it is so, India though a small nation, will not be bound by any such decision which seeks to dictate terms to Asian countries."

At the same time, Mrs. Gandhi ridiculed what she called a view that the Nixon-Chou En-lai meeting was a threat to India.

She said India had welcomed talks. "Despite the indifferent attitude of China toward us in the past, India always worked for its admission to the United Nations."

"We warmly welcome attempts at forging friendly relations among countries. But, at the same time we consider as medieval and outdated the talk of balances of power and spheres of influence."

Mrs. Gandhi warned that if new power groups and treaties were to come about as a result of these meetings, "present tensions in the world will not in any way lessen."

She also referred to North Vietnam, saying that the spirit and courage with which the Vietnamese had withstood onslaughts from a powerful nation entitled them to praise and admiration.

Soviet Press Plays Down Nixon Visit

MOSCOW, Feb. 21 (Reuters)—The importance of President Nixon's visit to Peking would escape all but the most careful readers of the Soviet press today.

The report on the trip was given no more space than the U.S. Communist party congress, and both were on an inside page of the government newspaper Izvestia.

The Hanoi daily newspaper Nhan Dan, in a front-page article, urged the nation to carry on the fight until final victory.

The only direct commentary came from Moscow Radio, which branded the visit as part of a Washington-Peking deal to split the world Communist movement.

The selection of items in the press made it clear to the careful reader that Moscow was extremely worried about the visit and its possible effect on the Indo-china situation.

Pravda, the Communist party paper, and Izvestia confined themselves to comments from foreign Communist sources, all of which condemned Mr. Nixon's visit to China.

Izvestia quoted the French party daily L'Humanite as saying that closer ties between Peking and Washington could have "the most baleful consequences" for the peoples of Indochina.

The comment was repeated on Moscow television's 6 p.m. newscast, accompanied by a brief statement that Mr. Nixon and Mao Tse-tung had met. It was the last item before the sports section.

Later Moscow television showed a 30-second film of the President arriving at Peking airport and being greeted by Premier Chou En-lai.

Though the visit is being given minimal publicity in the press here, now that the President is in Peking, it has been preceded by a barrage of attacks on both Chinese and American policies.

Cuba Uses Swastika For 'X' in Nixon

HAVANA, Feb. 21 (Reuters)—The official Cuban daily Granma today carried a front-page report without comment on the arrival of President Nixon in Peking.

As always, the letter "X" of President Nixon's name was written with a swastika.

Chou's Remarks

PEKING, Feb. 21 (AP)—Here is the text of President Nixon's remarks in response to Premier Chou En-lai at a banquet tonight for President and Mrs. Nixon:

The social system of China and of the United States are fundamentally different, and there are great differences between the two governments. However, these differences should not hinder China and the United States from establishing normal relations on the basis of the five principles:

1.—Of mutual respect for the sovereignty and territorial integrity of nations.

2.—Of mutual nonaggression.

3.—Of noninterference in internal affairs.

4.—Of mutual equality, and

5.—Of peaceful coexistence.

As early as 1955, the Chinese government publicly stated that the Chinese people do not want war with the United States, and the Chinese government was willing to sit down and negotiate. We have pursued this.

We hope to gain a clearer insight into the American way of thinking. And with this a new start can be made in relations between our two countries.

In conclusion, I propose a toast to the health of President and Mrs. Nixon, to the health of our other American guests, and to the health of all the American people, and to friendship between the Chinese and American people.

Nixon Signs Bill to Outlaw Dock Strike

He Acts in Peking; Walkout Already Over

WASHINGTON, Feb. 21 (UPI)—President Nixon today signed in Peking legislation imposing arbitration on a dock strike on the West Coast or the United States.

From the traveling White House 10,000 miles away in Peking, he urged U.S. congressmen to approve legislation that would prevent similar strikes in the future.

The legislation he signed was not needed because the strike ended during the weekend. But the White House here said the President's signature was symbolic, to show he welcomed the end of the 125-day stoppage involving 15,000 workers, the largest dock strike in U.S. history.

Labor Secretary James Hodgson told reporters he was in contact with the White House in Peking earlier today, shortly after Mr. Nixon and his party returned from an evening banquet. He spoke by telephone to presidential Press Secretary Ron Ziegler and to H.R. Haldeman, White House adviser on domestic affairs.

"They were gratified by the end of the strike and buoyed by the festivities (in Peking)," Mr. Hodgson said.

A Return to Work

SAN FRANCISCO, Feb. 21 (AP)—West Coast longshoremen were returning to work in force today after overwhelming ratification of a new contract ending their 124-day strike, longest in American mainland shipping history.

A spokesman for the employers' Pacific Maritime Association said 57 crews were to work in San Francisco Bay ports. Seattle reported 17 gangs made up for today, with 10 more for the night shift.

In Portland, Local 8 of the International Longshoremen's and Warehousemen's Union said 800 men would be at work today.

In Los Angeles, a thousand dock workers were expected to begin banding 32 ships waiting to be unloaded.

71% Approval

The contract with the PMA was approved late Saturday in a coastwide ballot that rolled up a 71 percent approval vote, the ILWU announced.

The PMA's 124 shipping and stevedoring firm members also voted Saturday afternoon to ratify the 18-month contract, subject to arbitration of the so-called "steady man" question.

The shippers want to keep the same crews working steadily on machinery which requires extensive training to operate. The union prefers to rotate all jobs to spread work among a membership which for the last decade has seen more and more jobs absorbed by automated and increasingly sophisticated equipment.

AFL-CIO Urges U.S. to Finance Radios to East

MIAMI BEACH, Feb. 21 (UPI)—Top labor leaders joined President Nixon today in urging Congress to continue financing of Radio Free Europe and Radio Liberty.

"The closing of these vital communications with the captive peoples of the Soviet Union and Eastern Europe will be a clear sign of U.S. capitulation in the war to bring truth and courage to countless millions behind the Iron Curtain," the AFL-CIO executive council said in a statement.

Government subsidies for the two privately run radio systems will run out tomorrow unless Congress votes an extension of funds, and officials have indicated RFE and Radio Liberty will have to be shut down since private financing does not provide enough funds. The government, through the Central Intelligence Agency, has been supplying \$30 million annually to them.

Chairman J.W. Fulbright, D. Ark., of the Senate Foreign Relations Committee, has urged that government financing be halted, and the two stations be closed as a "relic" of the cold war. The Nixon administration has urged continued financing.

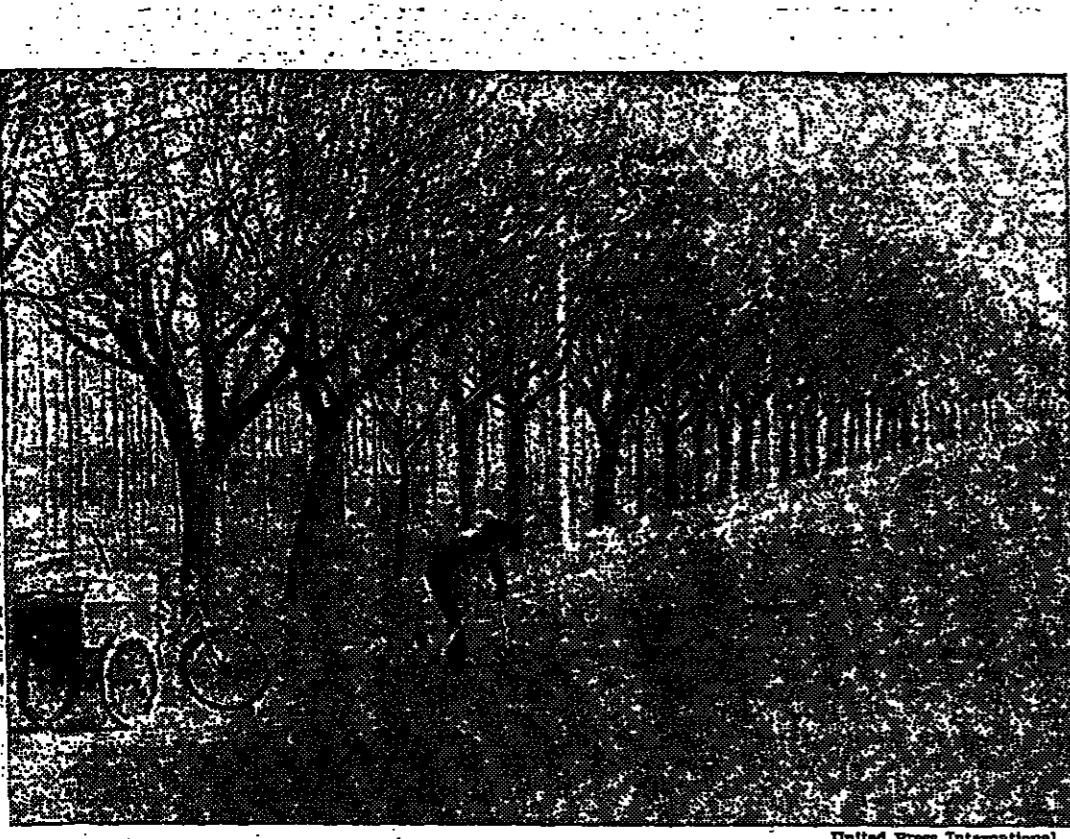
The Senate passed a bill to continue financing of the stations for one year through the secretary of state, rather than the CIA, while the House approved a bill backed by the administration to provide funds for two years. Only one meeting has been held between House and Senate conferees to iron out differences in the two bills, and no further meetings have been scheduled before financing expires tomorrow.

16 Die in Venezuela As Jet Hits a Slum

BARQUISIMETO, Venezuela, Feb. 21 (Reuters)—At least 16 people were killed and more than 20 injured today when a Venezuelan Air Force F-86 jet fighter crashed into a shanty town on the outskirts of this northwestern Venezuelan city and burst into flames, an air force spokesman said.

Although this will be his first visit to Russia since the signing of the Indo-Soviet friendship treaty last August, no great significance is attached here to the short trip. But India's needs, in repairing damage to its military machine in December's war with Pakistan, are expected to be discussed in Moscow.

PICTURE SETTING—President Nixon and Premier Chou En-lai sitting with advisers under huge painting in the Great Hall of the People where first meetings took place yesterday. From left: Dr. Henry Kissinger, Secretary of State William Rogers, President Nixon, Premier Chou and an unidentified Chinese adviser.



CLEAN SWEEP—Sweeper with dust bin cleans empty tree-lined road leading from Peking airport to the city proper just prior to arrival of President Nixon.

Nixon's Trip Is Condemned By Taiwanese

TAIPEI, Feb. 21 (UPI)—Taiwan's National Assembly, as its first order of business at the initial working meeting of its current session, passed by acclamation a resolution condemning President Nixon's trip to the China mainland.

"Not only will it fail to contribute to world peace but it will make free-world countries lose their faith in the United States," the statement said.

The assembly also declared that the Chinese Communists were an "illegal rebel group" with "no right whatsoever to represent the people on the mainland" and maintained that Nationalist China would never change its "basic national policy" of recovering the mainland. "Under no circumstances at any time," the assembly said, "will there be room for negotiation or compromise."

Passed to Embassy

The resolution was forwarded to the Ministry of Foreign Affairs for presentation to the U.S. Embassy.

The 1,374-member National Assembly convenes once every six years, primarily to elect the country's president and revise the constitution. The current session opened yesterday with an address by President Chiang Kai-shek.

Taiwan newspapers carried brief wire-service reports today of President Nixon's arrival on the mainland. Government spokesmen have said that the press will carry all the "hard news" generated by the trip but will not publish feature or "color" stories that tend to glorify conditions in Communist China.

India Army Chief To Visit Moscow.

NEW DELHI, Feb. 21 (UPI)—Gen. Sam Manekshaw, chief of the Indian Army, will leave for Moscow Wednesday at the start of a weeklong visit to the Soviet Union and Britain.

An announcement here said the general, 57, was going to Moscow at the invitation of the Soviet government. On Friday he will go on to London, the announcement said.

Although this will be his first visit to Russia since the signing of the Indo-Soviet friendship treaty last August, no great significance is attached here to the short trip. But India's needs, in repairing damage to its military machine in December's war with Pakistan, are expected to be discussed in Moscow.



PEOPLE'S ARMY—Some of the Chinese soldiers who were reviewed by President Nixon at the Peking airport.



FLAG RAISING—U.S. flag is hoisted on pole at Peking airport yesterday by Chinese soldier near a giant portrait of Chairman Mao Tse-tung just before the arrival of President Nixon for his historic visit.

In School-Integration Dispute

Nixon Overrides Some Aides, Leans to Busing Amendment

By Robert B. Sample Jr.

WASHINGTON, Feb. 21 (NYT)—Despite the misgivings of some of his staff and cabinet officers, President Nixon remains "very strongly interested" in a constitutional amendment to halt busing aimed at achieving racial balance in the schools.

A senior White House official said in an interview that several influential members of the White House staff supported such an amendment and that Mr. Nixon himself—while not foreclosing other means of responding to the busing issue—regarded a constitutional amendment as a "live" option in his search for some way of slowing the courts, protecting his political flank and defusing what he feels is a dangerous and divisive public issue.

Accordingly, the official said, a proposed constitutional amendment will be included in the busing-issue "option papers" presented to Mr. Nixon for decision after his China trip.

Agnew, Richardson

In statements last week that were taken to reflect White House attitudes, Vice-President Agnew and Health, Education and Welfare Secretary Elliot Richardson both expressed doubts about the wisdom of a constitutional amendment. But the official said these statements do not reflect Mr. Nixon's present thoughts.

Shortly before he left for Peking, the aide said, Mr. Nixon was told by his advisers that in two days of effort they had been able to construct an amendment which, they felt, would effectively restrain the courts from ordering busing in the future without at the same time repudiating other constitutional guarantees and rolling back 17 years of desegregation already achieved.

Yet they also told him that the amendment, as written, was extraordinarily cumbersome and "almost as long as the Constitution itself." Mr. Nixon said he understood the difficulties but asked them to shorten it.

The President's interest in such an amendment stems from several considerations, but the overriding reason appears to be one of politics and timing. While a lesser response—such as a presidential statement or speech—might enable him to ride out the present busing controversy, it will do nothing to prevent what he fears could be a major national uproar when schools open next September, barely two months before the election, under court orders requiring considerable busing.

Crisis Averted

A constitutional amendment, he is said to feel, would prevent such a crisis if approved by Congress and the states. If the amendment fails to win approval, Mr. Nixon can at least claim to have made his best efforts.

Mr. Nixon's aides insist that he realizes that the busing issue is only one part of the larger question.

3 Climbers Die in Wales

CAERNARFON, Wales, Feb. 21 (Reuters)—Three teen-age British boys were killed yesterday when they fell about 400 feet during a climbing expedition on Mount Snowdon near here. The boys, part of an expedition from a London school, fell in icy conditions near the summit of the 3,500-foot mountain. They were identified as John Twyford, 15, Christopher Burn, 14, and Michael Wicks, about 14.

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HOT STUFF—Demonstrating the dangerous inadequacies of present standards set by the flammable fabrics act, lawyer Herman Glaser shows a House Commerce subcommittee recently how a match put to an ordinary size 8 girl's nightgown causes it to burst instantly into flames. House subcommittee is at present holding hearings on consumer safety legislation.

As Government Opens Case

Berrigan Dismisses Lawyers In Bid to Speak at His Trial

HARRISBURG, Pa., Feb. 21 (UPI)—The Rev. Philip Berrigan today dismissed his lawyers, including former U.S. Attorney General Ramsey Clark, after Judge Dixon Herman denied his request to make an opening statement in his conspiracy trial here.

Father Berrigan, accused of conspiring to blow up federal buildings in Washington and to kidnap presidential adviser Henry A. Kissinger, dismissed Mr. Clark and two other lawyers, the Rev. William Cunningham and Terry Lenzner, "regretfully and with great pain," his co-defendant Ebal Ahmed said.

Mr. Ahmed explained that Father Berrigan's action stemmed from his belief that he would be allowed to make an opening statement only if he represented himself at the trial.

Without Counsel

"At this point, Berrigan considers himself without counsel... and what the judge will do now, we don't know," Mr. Ahmed said.

A Pakistani Moslem formerly on the faculty of the Adal Stevenson Institute of the University of Chicago, Mr. Ahmed also said that the defense sought a mistrial because of its contention that the jury was prejudiced and had violated the "judge's own orders" not to discuss the case.

Mr. Lynch said the government would take about a month to hear nearly 80 witnesses. "We probably could move faster but with so many defendants, it's going to take time for extensive cross-examination," he said.

He is serving six years for vandalizing draft files and wears dark blue prison garb in court.

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Page 4—Tuesday, February 22, 1972 *

The Two-Way Street

Americans in their capital yesterday morning, crunching their breakfast toast, could watch and hear their President exchanging different kind of toast in Peking, half the world away. The toasts of Richard Nixon and Chou En-lai would be masticated by all the China-watchers, all the world's students and practitioners of *wiepolitik*. There would be grave debate about the exact meaning of the carefully modulated reception accorded the President of the United States at Peking's airport and in the streets of the heart of the People's Republic of China; the fact that Mr. Nixon was there at all would be accorded its proper importance.

But there was another fact that cannot be overlooked: the instant perception by much of the world on the TV screen of how the American President looked as he descended from his jet, how the Chinese premier grasped his hand; the expressions on the faces of the receiving dignitaries—and the expressionless lines of troops (who could give the Brigade of Guards lessons in precision) while the band played the anthems of two great nations.

To be sure, the world has seen the impossible on television—men walking on the moon. As against that, an American President walking on Chinese soil is merely highly improbable. But China is not a dead satellite; it is the home of 700 million people, engaged in a great social and political experiment. It is a vital segment of humanity and one which must be better known by its neighbors—and which must know its neighbors better.

Much has been made of the attempt by American diplomats and newsmen to cram up on Chinese history and present politics—with the implicit, or explicit, reproach that the United States has willfully barred its citizens from knowledge of China during the past twenty-two years. The fact that the same process takes place in less publicized

fashion when diplomats and newsmen go almost anywhere in the world is overlooked; so, too, is the even more important fact that China, except for a handful of specialists, knows far less about the United States than America knows about China. Indeed, it is probable that China knows less about China than America does.

It is perhaps only a minor footnote to history that today marks the anniversary of the sailing, 186 years ago, of the first ship to carry the American flag (and American goods) to China. It took the Empress of China six months to span the seas between New York and Canton (the return took only 134 days; the Empress was fast for her day) and there was no television to mark the suspicious reception of Captain John Green by Chinese officialdom; only the 25 percent profit on the voyage of nearly 18 months engaged the attention of the merchants.

Whether Mr. Nixon's visit will be as profitable in terms of diplomatic accomplishment cannot yet be foretold. But China has become visible, not only to the United States but to the rest of the earth in a manner that was not true before the Nixon visit. Hong Kong, for example, just across the hills from the People's Republic of China, saw its first live broadcast from the mainland nation in consequence of the U.S. technology that preceded the President.

One may hope for much more, for two-way communication, for a vision of the world that goes beyond the Little Red Book of Mao's thought penetrating China, as well as a truer and more vivid picture of China reaching outward. Politically, it is devoutly to be wished that the spirit of the toasts exchanged yesterday morning may come to reality: That the United States and China may be friends despite differences. But it is equally to be desired that the peoples of both countries may come to learn just what those differences really are.

Saving Free Voices

For a generation now, Radio Free Europe and Radio Liberty have contributed enormously to enlarging the market place of ideas in Eastern Europe and the Soviet Union. Their transmissions have made available to those countries factual news of the outside world that the governments involved would have preferred their subjects did not know. In addition, these stations have broadcast the writings of such dissidents as Nobel prize-winner Alexander I. Solzhenitsyn, whose masterly novels and stories are prohibited in the Soviet bloc. A Library of Congress study of these stations, made at the request of the Senate Foreign Relations Committee, has paid high tribute to these organizations' contributions toward liberalization of the Soviet world.

But now both these stations are threatened with extinction today unless House and Senate conferees end a congressional stalemate. This situation arose because each chamber voted a different bill authorizing the continuation of these broadcasts.

If the deadlock kills Radio Free Europe

and Radio Liberty, the chief gainers will be the Soviet bloc's hardliners who hate the two radio stations as allies of the liberal and progressive elements in the Communist world. Moreover, the demise of these broadcasts because of the inability of House and Senate conferees to agree would hardly project a flattering view of the American legislative system, nor would it add to American prestige for Europeans to see an important political question decided by a mere technical strategem.

We believe the work of these two stations has a lasting validity and importance, but even those of different view must realize that the existence of these organizations provides potential bargaining counters for President Nixon's Moscow visit next May. At the least, all concerned should be able to agree that a final decision on the future of Radio Free Europe and Radio Liberty cannot be made until Mr. Nixon has returned from the Kremlin and Congress can take a hard look at the post-Moscow situation of American foreign policy.

THE NEW YORK TIMES

International Opinion

Nixon's Peking Visit

The Peking visit is as important in opening a new phase in international relations as was the Soviet-Western thaw after Stalin's death. As was the case with Russia, the new phase with China may take years to develop and will have periods of regression as well as advance. But it is reasonable to suppose that Mr. Nixon's visit marks decisively the beginning of a movement in Chinese-American relations away from ideological absolutes toward more pragmatic power diplomacy, from dogma toward dialogue, from the irreconcilable to the negotiable at least to the manageable...

President Nixon's visit to China is an overdue recognition of international realities and opens the door to a more manageable future. But his summit meeting in Moscow will have more practical importance in ensuring that the world will have a future at all.

—From the *Observer* (London).

* * *

This will have important consequences for the future of Japan. The President's visit virtually means establishment of diplomatic ties. Sino-American relations will change from confrontation to dialogue. This will contribute much to the easing of tensions in Asia.

It is considered certain that agreement will be reached on exchange of newspapermen, athletes, doctors, engineers and cultural

personages. Expansion of trade and establishment of a hot line between Washington and Peking will also be agreed upon. Agreements of this kind should not surprise us.

The question is whether any agreement of a qualitatively higher nature will result in, for instance, establishment of air routes, American loans for exploitation of natural resources in China, technical aid, exchanges of governmental missions, or a visit by Chou En-lai to the United States. This kind of agreement would mean all but normalization of relations, which will place the United States ahead of this country in improving ties with China. That will certainly be a shock to our government.

On the question of Taiwan, there will be no agreement so long as the United States sticks to its commitment to the Kuomintang regime.

China will surely point out the danger of a revival of Japanese militarism and ask the cooperation of the United States in preventing it. How will Nixon deal with this? The U.S. administration is believed to be of the opinion that the U.S.-Japan mutual security setup is necessary not only for peace and security in the Far East but also to prevent a revival of Japanese militarism.

If Nixon were to come out in defense of the U.S.-Japan security treaty from this standpoint, this would have an undesirable effect on U.S.-Japanese relations.

—From *Mainichi Shimbun* (Tokyo).

In the International Edition

Seventy-Five Years Ago

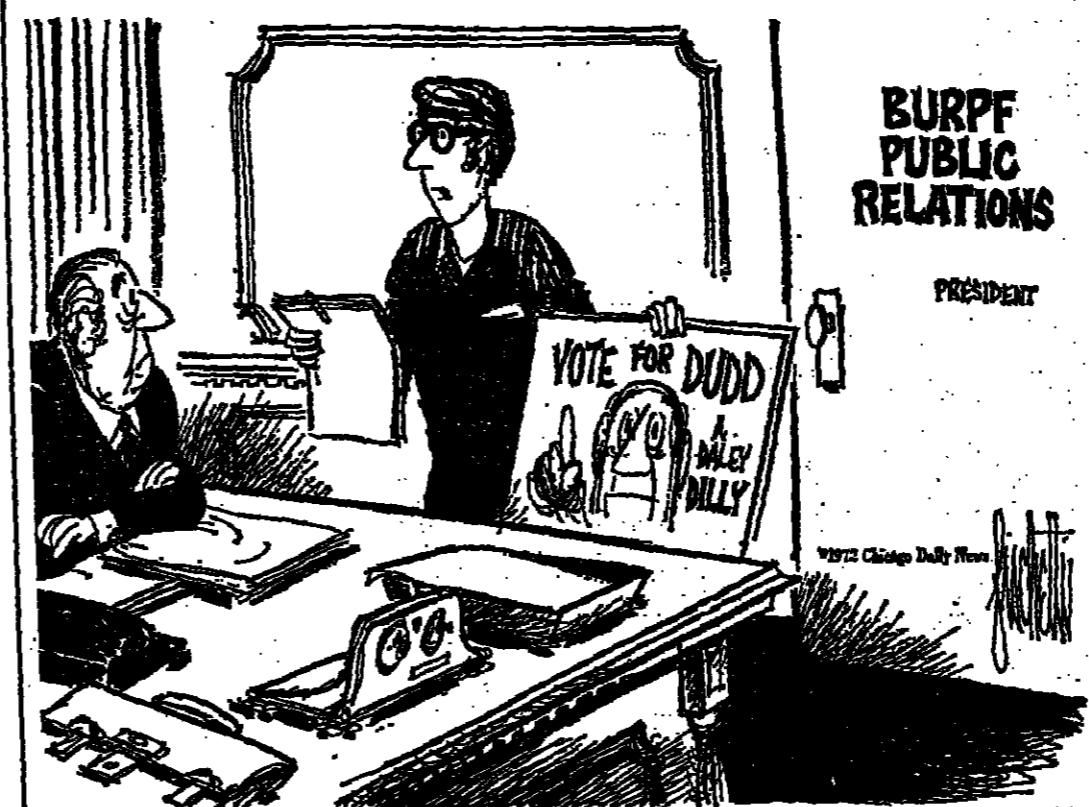
February 22, 1897

PARIS—Our Havana correspondent sends by commercial cable a despatch in which he declares that General Lee has asked for a United States warship to be sent to Cuba and indicates that he will resign if his efforts to secure the release of Americans in Cuba are not backed up by the administration in Washington. At any rate, things are evidently approaching a climax in Cuba, as far as its relations with the United States are concerned.

Fifty Years Ago

February 22, 1922

BERLIN—The government is introducing a drastic bill for the prevention of the spread of venereal disease. The new measure would give the health authorities the right to compel sufferers to undergo treatment. Persons found spreading the disease and persons who conceal the fact that they are sufferers and marry, are liable to a very heavy fine and up to three years imprisonment. The situation has become alarming. The government is right.



"The Only Line I Could Come Up With for Our Client Was 'Throw the Rascal In.'"

U.S. Ends Illusory Phase

China and Vietnam

By Anthony Lewis

LONDON.—President Nixon's struggle against that reality to maintain an anti-Communist government in Saigon can be done only at an appealing cost to ourselves and to the Vietnamese.

The irony is that that kind of cost made sense at all. Historically, only in terms of "containing China" now that notion has been abandoned. Nixon's formula for perpetual war in Indochina is in fact inconsistent with his own doctrine that America can no longer settle the fate of other nations.

The contrast that cries out is with our policy in Vietnam. For Nixon and his advisers still evidently believe that the United States can impose its views in that part of Asia—that there we can fight history.

What is Nixon's Vietnam policy? Fundamentally, it is to maintain Nguyen Van Thieu in office in Saigon. The disclosures of the secret talks between Henry Kissinger and Le Duc Tho make emphatically clear that the United States would do nothing that really threatened Thieu. That is why the offer of a total American withdrawal was conditioned on a cease-fire. That is why the proposal for fresh elections with the Communists taking part would have Thieu resign just a month before and leave his cohorts in charge—an idea whose supposed fairness would not fool a child.

If those who make American policy had been willing last summer to offer total withdrawal in exchange for the prisoners, their moral position would be stronger now. They would not have to pretend to having made the offer, and they could fairly criticize the other side if it had said no.

At that time Le Duc Tho indicated that Hanoi might agree to a simple exchange, release of American prisoners in return for total end to American military activity. The official American view is that Hanoi would never really have agreed, would always have insisted on the removal of Thieu as part of the price. But Le Duc Tho clearly had the election in mind, knowing that it would be affected by a declared U.S. intention to withdraw.

If those who make American policy had been willing last summer to offer total withdrawal in exchange for the prisoners, their moral position would be stronger now. They would not have to pretend to having made the offer, and they could fairly criticize the other side if it had said no.

Moral Issue

Nixon and those who back his policy are trying these days to make American support for Thieu a moral issue. It would be disgraceful to abandon our commitment to a small and faithful ally, they say, and Sen. Edmund Muskie was virtually treasonous to make the suggestion.

But the American obligation, whatever its limits, is to the people of South Vietnam. It is not to any particular politician, and certainly not one whom we effectively installed.

Now the effect of the American war on the people of Indochina is so familiar that the images have lost their impact. "Maybe the Chinese we saw are all there are left."

But through it, Chou En-lai's shaft had penetrated. There was wounded pride in the air. From the point of view of the Chinese Communists, it was a masterpiece. Throughout, we have positioned ourselves as the supplicants: they are the presence which, hearing the "knock on the door"—Chou En-lai's words—permitted the visitor an audience.

As late as early Monday morning, when Nixon was telling the press that he set out from Guam for Peking, he said that the scheduled sessions with Chou were for two hours, but that he would be willing to protract those sessions—"I am willing to participate in the talks as long as our hosts want to."

Everyone knows that in a totalitarian country, the size of a crowd tends to be the decision of the mastermind. But Richard Nixon has seen crowds reach up, piercing the screen of official impatience, to touch his hand. It was so in Poland in 1956 when he was vice-president, and hundreds of thousands of Poles, shaking off the official chill, cheered and cheered and cheered.

In Peking, to judge from appearance, it isn't so much that the people are hostile to Nixon as that they are supremely indifferent to him. Remember, we are here among a people who have not yet been informed that an astronaut walked on the moon in 1970. Nixon is the leader of the imperialist forces, the President of the country without whose protection the Red Chinese would bloody re-examine Formosa.

Even about hooliganism, there is curiosity: Biden is a good draw. But again, to judge from appearance—Chou did not need to keep them away. There were no cordons at the airport, no signs of buses stopped or re-routed. The public point was made: Nixon wanted to see Chou, came here under official suzerainty, and received a greeting far less enthusiastic than would have been given to Albania, was recently given to Romania. Now he has on the Chinese people.

The message was sharpened by the treatment of the diplomatic corps here in Peking. Some ambassadors from allied countries—namely France and Canada and Australia—had thought to salute Mr. Nixon as he flew into town. They were told that they needed passes to come to the airport, and that no passes would be issued. It was a studied effort to show Mr. Nixon and the world that the U.S. would be bilateral and would not hurt any of China's friends.

The chief mark of this defensive attitude was the cool reception given President Nixon on arrival. It took deliberate organization to produce, in a country of 700 million, the pitiful little group that gathered to watch Mr. Nixon at the airport and on his ride through town. It was a case of showing the American President how little leverage he had on the Chinese people.

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It was a real show-stopper here this morning. There cannot have been more people at the airport than were coincidentally there when Henry Kissinger arrived anonymously last July. It was an end to the spectacular, a drastic historical compression of what happened when Woodrow Wilson went to Paris in 1919, arriving like Napoleon, and leaving months later utterly unnoticed.

I am glad it happened. Glad, paradoxically, for Nixon's sake. Illusions shouldn't be numerous, or force-fed by crowds.

Poor Mr. Nixon

Meanwhile, poor Mr. Nixon. His staff bravely advertises his foreknowledge of the reception he will be saddled with something like that haunting picture that followed President Harry Truman around for a while in 1948. It was in Omaha, in the spring, and there was the President to deliver a speech in a massive auditorium with perhaps 120 people in it.

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The answer France gives to these questions will show how democratic this country still is. At a time when language movements, like Gaul in Brittany, are

assimilated on referral.

Letters

Grand Larceny

I have been waiting in vain for an editorial taking the real villains of the world—I Irving-Hughes, affair to task. The fact that tasteless, greedy publishers have "stolen" each other in their haste to dispense a \$60,000 advance (advance, mind you!) for utter trash created the situation that Mr. Irving and others took advantage of. Publishers are business men and as such are expected to make a profit, but when they pay \$60,000 to edify us with the information that Mr. Hughes wears sneakers because he has athlete's foot do they do the public and the publishing business a disservice. Something is dreadfully wrong with their priorities when struggling gifted authors go from publisher to publisher in an often vain effort to get their books accepted, let alone extract the paltry \$1,500 advance usually accorded them. The real "Father Cox" is Grand Larceny (CIT Feb. 15) is grandly being committed by the publishers who deny the public works of merit in order to print rubbish.

VICTORIA VON HAGEN.

Languages

From Betty Werther's article on language learning (CIT Feb. 11), we can assume that the French Department of Education would allow "regional languages" to be taught in the schools of Brittany, Corsica and the Basque country. Now that modern technology has evolved sophisticated techniques of teaching languages, now that linguistics is becoming "an empirical science," stressing the importance of understanding and speaking before reading and writing, is anything to be done for those underprivileged children whose vernacular often quite handicaps them in their own country?

I wonder if Mr. Lewis or someone could now give "equal time" with a three-column heading to Gideon's victim(s), and tell all about them too. For instance, discriminatory "first column" should glorify the cause of criminal describe the gauntlet he was, tell us about his childhood, his mother, his "jury" in the Supreme Court, never, but never, a single word about his victim?

N. G. CUMMING

Athena.

Editor's Note: Gideon acquitted on retrial.

Anthony Lewis has written a jeremiad "Epitaph" on American convicted thief Gideon (CIT Feb. 12-13), who was acquitted on the grounds that he had no lawyer at his first trial. The epitaph ends with the words "that he will not be forgotten." I wonder if Mr. Lewis or someone could now give "equal time" with a three-column heading to Gideon's victim(s), and tell all about them too. For instance, discriminatory "first column" should glorify the cause of criminal describe the gauntlet he was, tell us about his childhood, his mother, his "jury" in the Supreme Court, never, but never, a single word about his victim?

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LAST ROUNDUP—Just like the old days, as cowboys drive herd of cattle through small town of John Day in Oregon. They are being moved from their winter grazing lands back to the main ranch some 38 miles away and have to be driven through the towns of Canyon City and John Day to reach their destination.

Reds Want Port, Ouster of Two Aides

Egypt Said to Bar Soviet Deal for Arms Plant

NEW YORK, Feb. 21 (AP)—Newsweek magazine says that the Russians have offered to set up a sophisticated arms-manufacturing operation in Egypt in exchange for permanent port facilities there and the ouster of two prominent political figures.

But the magazine added that Egyptian President Anwar Sadat is expected to reject the proposal as "relations between Cairo and Moscow appear to be deteriorating at the highest level."

Newsweek's report was sent from the Egyptian capital by senior editor Armand de Borchgrave and headlined: "Cairo puts the Chilli on Russia."

It said the men Moscow wanted removed are Egyptian War Minister Gen. Mohammed Ahmed Sadek and Al Ahram editor Mohammed Hassenien Heikal, who has long been government mouthpiece.

The internationally circulated newsweek said Gen. Sadek, who once tried hard to get along with the Russian military, now symbolized the worsening relations. It said Gen. Sadek is reported to have recently told a group of his senior military officers:

"If you feel like kicking your Russian adviser in the butt, please do it discreetly. I don't want any open clashes." Shortly thereafter, however, he ignored his own advice and ordered a Soviet general out of the country on 24-hour notice for having called Egypt an "unfaithful mistress."

Newsweek also reported that when a visiting Soviet delegation recently took Mr. Heikal to task for a strongly-worded anti-Soviet column in Al Ahram, the editor snapped back: "I am an Egyptian concerned about Egypt's national interests just as you are Russians concerned with your own national interests. The two don't necessarily coincide."

4 Iran Guerrillas Sentenced to Death

TEHRAN, Feb. 21 (AP)—An Iranian tribunal Saturday sentenced to death four guerrillas on charges of attempting to overthrow the regime, illegal possession of arms, attempting to kidnap the shah's nephew, Prince Shahrban, and propagating Communist ideologies.

Three other members of the same group were sentenced to 10 years imprisonment and another four to jail terms ranging from three to eight years. The group was held responsible for hijacking an Iran airplane in 1970.

Algeria, Libya, Iraq Offer Bail For Accused Wasfi Tell Killers

CAIRO, Feb. 21 (AP)—Two lawyers from Algeria and Iraq told an Egyptian court today that their countries' presidents are ready to provide bail for four Palestinians accused of assassinating Jordanian Premier Wasfi Tell.

A similar offer was made at yesterday's hearing on behalf of Libyan leader Col. Moamer Qadhafi.

The four defendants have all pleaded guilty to gunning Mr. Tell down on the steps of Cairo's Sheraton Hotel last November. Defense lawyers are seeking their release on the ground that Mr. Tell was a "war criminal" because of his role in King Hussein's crackdown on the Palestinian guerrillas in Jordan in 1970.

Hearings began Saturday and will continue tomorrow. The four Palestinian defendants remain in custody.

In another legal case here involving foreigners, Egyptian prosecutor Salah Nassar charged yesterday that a Frenchman and a Belgian committed two crimes, of which one is punishable by life imprisonment at hard labor, the Middle East News Agency reported.

Mr. Nassar identified the Frenchman as Jean Marc Vieux, a Sorbonne student, and the Belgian as Jacques Pierre Joseph, a resident of Brussels.

The crimes committed, according to Mr. Nassar, were:

- Spying for an enemy country (Israel), punishable by life imprisonment with hard labor.
- Instigating harmful anti-Egyptian propaganda in time of war, punishable by imprisonment.

It added: "Even Sadat managed to get a recent snub in by pointedly refusing to fly to Moscow in the Russian jet sent to pick him up. He traveled instead in one of Egypt's new Boeing jets."

Al Ahram reported today that the Soviet Union has agreed to supply Egypt with 16 jet aircraft to renew its present combat fleet.

Minister of Civil Aviation Ahmed Nour said yesterday that Egypt will purchase eight Yak-40 short haul and eight Tupolev-154 medium range jet passenger aircraft to replace the outdated Egyptian fleet of Ilyushin-18 and Antonov-24 aircraft.

The crux of Cairo's irritation with Moscow is the growing belief that the Russians are not giving enough assistance to enable Egypt to wage a successful war against Israel, and some recent Soviet meddling in Egypt's internal affairs, the article said.

"Among ... recent actions pointing up a growing split between the two countries are the virtual ostracizing of Soviet advisers serving with the Egyptian

Army, the forced retirement of those Egyptian Army officers who consider Sadat anti-Soviet, and the thorough purging of Mukhabarat, the Egyptian spy network once heavily infiltrated by Soviet agents," the article said.

Grecko Leaves Egypt

CARDO, Feb. 21 (NYT)—A communiqué made public here today on a three-day visit by Soviet Defense Minister Andrei Grechko said his talks with Egyptian military leaders had dealt with issues of developing and intensifying "Egypt's combat readiness."

Marshal Grechko, who left today for Moscow, expressed "satisfaction with the standards of training and combat efficiency of the Egyptian armed forces."

The Soviet defense chief visited Egyptian military positions along the Suez Canal last Saturday.

The tone of the communiqué appeared intended to rebut speculation abroad that a strain had developed between Egypt and the Soviet Union on questions of Soviet assistance for an Egyptian military build-up against Israel.

Israel Setting Date for Visit Soon by Jarring to Jerusalem

NICOSIA, Feb. 21 (UPI)—Israeli Ambassador to Cyprus UN Middle East peace envoy Gunnar V. Jarring will visit Jerusalem within the next two or three days.

"I just returned from my second meeting with Mr. Jarring and we agreed that he will visit Jerusalem in the coming days," Mr. Timor declared late tonight.

The Israeli ambassador met Mr. Jarring for the first time early today at the latter's request.

The second meeting between Mr. Jarring and Mr. Timor followed an Israeli government announcement in Jerusalem that Mr. Jarring had expressed his desire to visit the Israeli capital.

"The date of Mr. Jarring's visit to Jerusalem will be set tomorrow during our next meeting," said Mr. Timor.

Mr. Jarring flew to Nicosia unexpectedly last night after three days of talks with Egyptian officials in Cairo.

Today he met Mr. Timor and Cypriot Foreign Minister Spyros Kyprianou.

Mr. Jarring indicated that he has undertaken a reactivation of his Middle East peace mission,

said a Cypriot government source after the meeting with Mr. Kyriakou.

Mr. Timor said that, after his visit to Jerusalem, Mr. Jarring was likely to return to Nicosia.

A Cypriot spokesman said that Mr. Jarring called Nicosia "the headquarters of his mission."

Mr. Jarring's mission broke down last February after Israel refused to adhere to his request for a commitment to withdraw completely from Arab lands occupied in the 1967 Middle East war.

Since then, Israel said it is willing to meet Mr. Jarring and take part in his mission, but only if he drops the request for prior commitments to negotiations.

Meanwhile, in the Sinai hundreds of persons today watched Israel's biggest military maneuvers since the 1967 war. The war games today were complete with a blow-by-blow radio commentary.

Members of the Israeli cabinet and parliament, led by Defense Minister Moshe Dayan, all the country's top generals, foreign military attaches and newsmen saw hundreds of Centurion and Patton tanks and American-built armored personnel carriers, filled with regular soldiers and paratroopers, launch a massive attack on what briefing officers described as a "classic Soviet defensive position."

Overhead Phantom, Mirage and Skyhawk fighter-bombers flew cover for the attacking armored force. The jets swooped out of the Sinai Desert in low-level bomb, rocket and napalm attacks.

As the Israeli armored column attacked its imaginary enemy with live ammunition, radio signals between the attacking units were broadcast over a public address system to the watching crowd. Senior military officers gave a running commentary in English and Hebrew.

The division-scale maneuvers, of both regular and reservist troops, began last night and will end tomorrow night, a spokesman said.

Israel informed Egypt, through the UN truce supervisory organization, that it was holding the maneuvers, to avoid possible misunderstandings.

Who Wrote 'War and Peace'? Don't Ask U.K. Trainee Teachers

LONDON, Feb. 21 (AP)—"Who wrote 'War and Peace'?" hundreds of British trainee teachers asked.

Among their answers—Sir Winston Churchill, Leon Trotsky, Graham Greene, Thomas Gray.

Surprisingly few put down the right answer—Leo Tolstoy. And that was not all. Most of the future teachers questioned showed they knew next to nothing about literature, art, music or architecture, by flunking a 50-question general knowledge test.

The results were reported today by Wilfred Hopkins in the magazine *Educational Research*.

In all, 586 students at teachers' colleges in Manchester, Glasgow and Liverpool took the test. One in four managed to get 90 percent of the answers wrong. The average score was about 30 percent right.

"It is debatable whether students with such extremely low scores can be said to be educated," Mr. Hopkins concluded.

Venezuelans Receive U.S. Submarine Limits Set on Arms For Latin America

By Lewis H. Duguid

CARACAS, Feb. 21 (UPI)—Secretary of Defense Melvin R. Laird's declaration last week that the United States intends to limit arms sales to Latin America came just as Venezuela was taking delivery of an American submarine and the first of 20 supersonic fighters from Canada.

Mr. Laird's statement that sales would be avoided where an arms race could result was almost certainly made with Venezuela and Colombia in mind. Both have increased weapon purchases since a border dispute developed in recent years over the Gulf of Venezuela, which is believed to cover a wealth of petroleum.

The day after Mr. Laird's statement, Venezuelan President Rafael Caldera pointed out that arms are readily available in Europe. Colombia has contracted to buy 18 French Mirage supersonic aircraft. Venezuela also is buying 18 of them, in addition to the 20 American-designed, Canadian-made CF-5s.

In the 220-page report on defense policy distributed last Tuesday in Washington, Mr. Laird acknowledged that Western Europe was cutting into the United States position as the main supplier of arms to Latin America.

"Nevertheless, we shall continue to review most carefully private sales of military equipment even to close allies, and to refuse them when regional security or other U.S. interests would be adversely affected," he said.

Legal Restrictions

Congress has sharply restricted the U.S. military aid program in Latin America, and there is some pressure for eliminating such programs altogether as detrimental to the area's economic development. Private U.S. arms sales are licensed by the government.

In a news conference Wednesday, President Caldera said it is "most laudable" to desire "not to provoke overarming," but added that it is also "perfectly demonstrable" that sometimes "the manner of measuring or applying the measure" fails to contribute toward that end.

"Furthermore," he added, "experience has demonstrated that the United States is not the only provider of arms, and that until now no Latin American country can be accused of overarming or of exhibiting aggressive aims."

Earlier on the same day, Mr. Caldera attended the arrival of the U.S. submarine—Venezuela's second—which he said was offered "on very favorable terms."

According to a U.S. Embassy source, "it is a \$7 million submarine sold for \$10,000." The sub is considered obsolete by U.S. Navy standards. Colombia is said to be buying two German submarines to match Venezuela's.

U.S. Offered F-5s

The United States had hoped to sell Venezuela 20 F-5 jets. Venezuela went into the market after Colombia had contracted for the faster, heavier and more expensive Mirages.

Under the arrangement worked out by U.S. Ambassador Robert McElroy, the slower F-5s were to be sold in conjunction with the Sidewinder missile, which allegedly would put the F-5 on a competitive footing with the Mirage.

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The United States and France

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London Reports

Malta Standing Firm on Terms

LONDON, Feb. 21 (AP)—British authorities reported today that Maltese Prime Minister Dom Mintoff is standing firm on his terms for allowing British and North Atlantic allied forces to go on using Malta's military facilities.

These terms are as unacceptable to us now as when they were first made," one government source said. "Therefore the process of withdrawing heavy gear and equipment from our bases is continuing and could be completed by mid-March."

In a weekend message to Prime Minister Edward Heath, Malta's leader raised the possibility of an early meeting at the top level presumably to carry on the prolonged quest for a compromise. But British reaction to this approach was skeptical.

"Mr. Heath is likely to reply within a day or two without slaming any doors to a meeting," the government source said.

"But he is also likely to point out we still await Malta's answer to our own and NATO's final and definitive offer earlier this month."

The idea was taken up at a meeting of the Organization of American States and shelved through assignment to a committee for further study. This maneuver was led by Argentina, which produces many of its own arms.

The committee's report, as expected, found that no effective approach to arms limitation was apparent.

French Honor Astronaut

PARIS, Feb. 21 (UPI)—Astronaut James A. Lovell today received the Aero-Club de France's Grande Médaille for achievements in aeronautics. Capt. Lovell was commander of the Apollo-13 moonflight in May, 1970, which was forced to return to earth without making a lunar landing after an explosion on board destroyed its survival and guidance systems. Among other Americans to have received the medal were the Wright brothers and the crew of Apollo-11 which made the first moon landing.

It is doubtful that foreign observers will be permitted to attend. In the one-day trial Jan. 5, Mr. Lovell's case was decided in closed court. He was accused of telling foreign correspondents that Soviet authorities sometimes commit dissenters to mental asylums. Proof of "cure," he asserted, is recondition. Mr. Lovell himself was a victim of these procedures.



SIGN OF OLD TIMES—Statue of Winston Churchill giving his famous "V" for victory sign outside the British Embassy in Washington during a recent snow storm.

For 36 to 40 of the Latest Warplanes

U.S., France, Britain Seek Greek Jet Order

ATHENS, Feb. 21 (NYT)—The United States, Britain and France are vying for a multimillion-dollar order to supply advanced warplanes to the military-backed government of Greece.

The order is linked to a contract for a \$50-million Greek aerospace factory, to be awarded soon. The government is considering offers from U.S. and French bidders for the factory, but the final decision will probably be influenced by the choice of planes.

Qualified foreign sources said yesterday that the government was in the market for two squadrons of Phantoms, about 36 to 40 planes, depending on trainers of the latest supersonic jets. This decision is prompted by two considerations:

• Reasons of prestige, both domestic and external. The government boasts that unlike any previous one, it is expanding the nation's defense arsenal without foreign help.

• As a precaution for an emergency unrelated to the North Atlantic Treaty Organization, such as a flareup over Cyprus a major issue between Greece and Turkey.

Planes of the Future

The French say that in view of the U.S. decision to keep a "low profile" in Europe, countries should start thinking in terms of procuring their own standardized weapons. The Mirage, the French assert, is the European plane of the future.

The French are backing their Mirage offer with plans for an order for two squadrons of planes.

According to an official announcement, the two main bidders for this factory are an American conglomerate, Automation Industries of California, and Avions Marcel Dassault in partnership with Aristotle Onassis's Olympic Airways and Lockheed Services.

Belgium, Denmark, France, Norway

4 NATO Nations Consulting Finland on European Parley

By Drew Middleton

WASHINGTON, Feb. 21 (NYT)—Four members of the North Atlantic Treaty Organization—Belgium, Denmark, France and Norway—are opening discussions with the Finnish government on the Soviet-proposed European security conference.

NATO sources, reporting the development, noted that the Soviet Union and its Warsaw Pact allies said in their last statement that the conference must take place in Helsinki in 1972.

The State Department, which advocates a slower, more methodical and unified approach to the conference, has been told by the four governments that their discussions with the Finns would be confined to technical aspects of the conference.

The French government, which has played a leading role in

Powerful Figure in U.S. Life

Walter Winchell Dies at 74; Invented the Gossip Column

LOS ANGELES, Feb. 21 (NYT).—Walter Winchell, 74, the outspoken news commentator and highly opinionated inventor of the gossip column, died last night at the University of California, Los Angeles, Medical Center. He entered the hospital on Nov. 19. The cause of death was given as cancer of the prostate.

"Other columnists may print it—I make it public," said Walter Winchell, the creator of modern gossip writing. His self-description, typical of his brash, egotistical manner, was remarkably accurate, for in the 20 years of his heyday, from 1930 to 1950, he was the country's best-known and most widely read journalist as well as among its most influential.

MILLIONS READ "ON BROADWAY" his daily syndicated column, and more millions listened to his weekly radio broadcasts that he addressed to "Mr. and Mrs. North America—and all the ships at sea."

"WW," as he often styled himself, or "Mrs. Winchell's little boy, Walter," purveyed a mélange of intimate news about personalities, mostly in show business and politics; "inside" items about business and finance; bits and pieces about the underworld: denunciations of Italian and German Fascism; diatribes against Communism; puffs for people, stocks and events that pleased him, and a large smattering of innuendos.

Breezy and Breathless

Although he was often demonstrably inaccurate or hyperbolic, he was implicitly beloved by many of his readers and auditors. In clamber hands, his "news" might not have had much impact, but he imparted a certain urgency and importance to what he wrote and said by the frenetic and almost breathless style of his presentation. His column items were usually short and separated by dots and cast in breezy neologisms, while his broadcasts, delivered in a barking voice at the rate of 227 words a minute, sounded as compelling as the clicking telegraph key that accompanied them.

Not only did Mr. Winchell contrive the modern gossip column, but also he invented a language to go with it. "Inasmuch as he is chiefly concerned with the life of Broadway and its circumambient night life, his inventions have largely to do with the techniques and hazards of its ethnology," H. L. Mencken reported in "The American Language."

Thus, in Winchellese, a person could start life as "a bundle from heaven," attend "moom pitchers" in his youth, then be "on the merge" or "on fire" and "middle-age it" or be "wedged" to a "squaw." Later on, the couple might "infandipate" and be "storked" and perhaps have a "dotter," which could be the ocaston for imbibing "giggle-water" along the "rub belt." Still later, the couple's "pash" could dim, and they would "plew," "phit" and employ "moulangue." Ultimately, they would be "remoed," but if they were sophisticated they still might attend "revulsives" together and gaze at their "terpsichorines" and their comedy "shats."

Friends in High Places

Although Mr. Winchell was often thought lacking in taste, he had friends in high and low places. Among those in exalted places were President Franklin D. Roosevelt and J. Edgar Hoover, director of the Federal Bureau of Investigation. From the outset of the New Deal, the columnist was a fervent backer of Roosevelt, and early in his second term Mr. Winchell was invited to the White House for the first of several private conversations. At one press conference, the President made his feelings evident: "Walter, I've got an item for you—stick around," he said.

Mr. Winchell kept the President supplied with the latest Broadway jokes and Roosevelt countered with news tidbits and encouragement for the columnist's vitriolic attacks on the "ratiks,"



Columnist-commentator Walter Winchell.

agents whose items proved unreliable or who crossed Mr. Winchell were placed on his "DID," or drop dead list, and were curiously banished from his presence (and his column) for varying periods. It was a dread experience.

He was born April 7, 1897, near the corner of Madison Ave. and 116th St. Walter Winchell was the elder son of Jacob and Jeanette Bakst Winchell—the son, later added a second "L" to the name. Jacob left the family when Walter was young, and the boy was obliged to learn the lessons of survival early.

He picked up his first money as a street-corner newsboy. When

he was 12 he made his debut in the entertainment world. George Jessel's mother urged the manager of the Imperial Walker to hire her son and Walter as usherers, but the boys persuaded the manager to try them out as singers. Their success was only middling, but it was sufficient for Walter to quit P.S. 184 in the sixth grade, which was the total of his formal education.

Walter toured the country for two years in revues in company with young Jessie, Eddie Cantor, Eddie Lee and George Price. It was not an easy life and Walter received a thorough knockabout education in the petty chicaneries of show business.

In 1915 Walter teamed in a vaudeville act with Rita Green. There was time out for World War I, in which Mr. Winchell, a volunteer in the Navy, served as admiral's receptionist in New York. Returning to second-rate vaudeville after the war, Mr. Winchell began his column in embryo. He was with a Pentage road show in 1919, and he began typing and posting a bulletin that contained the gossip of the troupe. It was called "Newswense."

Mr. Winchell and Miss Green were married in 1920; the union lasted two years—and he began to submit show business gossip columns to Billboard, an entertainment weekly, and later to The Vaudeville News, for which he went to work in 1922 as a combined reporter and advertising salesman. His column "Stage Whispers" attracted attention and he himself became known around Broadway as a bright and eager and very brash hustler, who took notes with a left-handed scrawl.

Wells Dancer

In his rounds, he met June Magee, a red-haired dancer, whom he married in 1923. She died in 1970, reunited with her husband after a long estrangement.

In 1924 Mr. Winchell joined The Evening Graphic, a bizarre tabloid that had been founded that year by Bernard MacFadden, an eccentric millionaire, food faddist and physical culture advocate. Mr. Winchell was hired to write a column and play reviews and to serve as drama editor, amusement editor and ad solicitor. His pay was \$100 a week.

One day in 1925 with no jokes or poems for his column, he sat down and typed out a clutch of gossip notes he had acquired on his theatrical beat. The first few items read:

"Helen Eby Brooks, widow of William Rock, has been planning to move into veterinary medicine and other more intellectual pursuits. She was the eldest boy among six children."

He was a counselor to five popes and, as dean of the College of Cardinals, supervised the election of the last two. During the second Vatican Council of 1962 to 1965 he served as president of the 12-member council of presidency, which had overall responsibility for council affairs.

It was only in 1971, at the age of 87, that Cardinal Tisserant acknowledged the "growing weight of age" and bowed to papal pressure to retire. Even so, he made it clear that the papal policy on retirement was contrary to his most basic instincts.

Eugene Tisserant was born at Nancy on March 24, 1884, into a family of millers that had begun to move into veterinary medicine and other more intellectual pursuits. He was the eldest boy among six children.

He attributed his original interest in a scholarly career to the fact that at the age of five he was quarantined at home with a bout of whooping cough and his father used the opportunity to teach him to read. The call to the priesthood came six years later on the eve of the Feast of the Immaculate Conception when

Keystone. Eugene Cardinal Tisserant.

he was praying to the statue of the Virgin.

While at the major seminary in Nancy, the future cardinal was browsing in one of his professors' library one day when his curiosity was aroused by a Syriac and Arab grammar. Learning that there were few specialists in Oriental languages in the church, he decided to make this his field of expertise.

His studies took him to Jerusalem, where he perfected his horsemanship as well as his knowledge of Assyrian and other ancient languages, and then back to the Sorbonne and other institutions in Paris. In 1907 he was ordained to the priesthood, in Nancy.

For several years Father Tisserant taught in Rome, worked with Oriental manuscripts in the Vatican Library and spent as much time as possible doing scientific research in the Near East. With the outbreak of World War I he volunteered for military service.

In 1917 his unit was sent to Palestine as part of a French-British expeditionary corps. In 1918 he served as a platoon leader in an assault on Gaza and won the Croix de Guerre.

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He attributed his original interest in a scholarly career to the fact that at the age of five he was quarantined at home with a bout of whooping cough and his father used the opportunity to teach him to read. The call to the priesthood came six years later on the eve of the Feast of the Immaculate Conception when

he was 12. Following the war he returned to his cassock and began his rise to ecclesiastical prominence. He served as associate administrator and later administrator of the Vatican Library and won praise for reorganizing and modernizing its operations.

On June 16, 1938 Pope Pius XI, a good friend and former prefect of the Vatican Library himself, made him a cardinal; the title, which led to his consecration as bishop the following year, was not only a reward but a means of making him eligible to take a new post, prefect of the Sacred Congregation for the Oriental Church, which supervises the affairs of Eastern rite Roman Catholics.

In 1939 Pope John XXIII relieved him of his post with the Oriental congregation and made him honorary president and archivist of the Vatican Library. He remained, however, to serve as a canon of the College of Cardinals.

As a young scholar Father Tisserant published numerous historical studies and editions of ancient texts that are still regarded as classics.

In 1961 he was elected to the French Academy, which has always tried to include one cardinal in its prestigious ranks but has not always had one with such scholarly credentials, and in his final years he made a point of regularly attending its monthly meetings.

Later he accepted a professorship of mass communication at McGill University in Montreal. In 1970 he visited India to advise the government on the use of mass media.

—Edward B. Flack.

—Alden Whitman.

A Minor Legend at 34—Pianist Ponti

By David Stevens

PARIS (UPI)—An unusual piano recital, scheduled for March 13 in Alice Tully Hall at Lincoln Center, seems to be one of the most hotly awaited New York debuts in some time.

The pianist is not some new young lion of the keyboard or one of those mystery men who emerge from Eastern Europe now and then. He is Michael Ponti, a stocky, baldish American of 34 who for more than a decade has been tenaciously pursuing a European career that, while not without success, has reluctantly refused to get off the ground. This state of affairs, plus the unsettling blow of a divorce, had him feeling so low a little more than a year ago that he virtually stopped practicing for a while and was ready to pack in the idea of a concert pianist's career.

"I was this far away from becoming a piano teacher," Ponti said recently, holding up a thumb and forefinger about half a centimeter apart and speaking in the tone of a man who has come that close to a fate worse than death.

The story of how he has bounded back into a very promising orbit after hitting bottom is, in a general way, the not unfamiliar one of all the ponderable and imponderable things that fill the gap between genuine talent and a successful career. The importance of recordings, of management, of catching a wave of public enthusiasm at the right time, or just of having the right friend in the right place at the right time, all enter into it.

Romantic Revival

That he will be going to New York for his first adult appearance in the United States as a minor legend instead of as a virtual unknown is due largely to the current phenomenon of the Romantic Revival, and to the fact

that in the last couple of years Ponti has been flooding the record market with the complete solo piano works of Tchaikovsky and Rachmaninoff and the best works he could find of a semi-forgotten legion of virtuous pianist-composers of the 19th century—Mussorgsky, Anton Rubinstein, Alkan, Moszkowski, Scherzer, Tschauder, and so on.

"I may be the only pianist who has to ask 'Which one?' when asked to play the Schumann 'Albumblatt' concerto," Ponti laughed. He plays Robert's, of course, but also Clara's in the same key.

The records have evoked considerable attention from American reviewers well upholstered with pride in his formidable technique, references to a "Rousseauian kind of sonority" and the double-edged compliment of having his Rachmaninoff recordings compared to "Birutka's." Some skeptics, too, such as whether Michael Ponti is really only one pianist or, more seriously, how he will do with the standard repertoire that he has not yet done on records.

The New York recital is designed to answer those questions. After a regular program that includes Beethoven's Credo 2, No. 3, Tchaikovsky's Sonata, some Rachmaninoff preludes, the Brahms "Paganini" Variations, Scriabin's "Youth" Sonata (U.S. premiere) and Shostakovich's "Three Movements from Petrushka" (a fairly typical Ponti workload), he will then launch into his Romantic Revival act, with encores chosen from a list of 40, from which the audience will be able to get in requests. If people stay and clap, he will play the Rachmaninoff Third that way, but it took 16 hours a day for two and a half weeks, and I practiced a total of 612 hours on the Bartok Second, before it was ready."

But work alone is not enough.

One friend happened to be in the offices of Vox records in New

York when they were looking for someone willing to do their Romantic Revival series—and as a result Ponti was signed up more or less sight unseen.

Another boyhood friend from Frankfurt, now a mail-order tycoon in Hong Kong, helped shake Ponti out of his dolefulness and is bankrolling his New York debut. It looks like a good investment.

If Ponti's years of playing the USIS circuit, "all the ... ingens in south Germany," and the usual round of contests (he won first prize in the 1964 Busoni Competition) have been tough ones, they also have given him the time to build his repertory. He reckons he has now played in public or recorded some 70 concertos.

"The American cultural centers wanted American music on the programs," he recalled. "Stravinsky qualified by adoption, so I got in plenty of practice on 'Petrushka,' and I would do things like Blumenfeld's Etude for the Left Hand or a Rubinstein study and say it was by Macdowell or Gottschalk."

He also expanded his repertory by the simple expedient of never saying he didn't know a work. "If someone asked him to play something he didn't know," a friend said, "he just said yes and learned it." But Ponti says he is not a quick study—"I learned the Rachmaninoff Third that way, but it took 16 hours a day for two and a half weeks, and I practiced a total of 612 hours on the Bartok Second, before it was ready."

When I was 14 I won a contest that got me two weeks away from school to play Mozart's Concerto No. 27 with the North Carolina Symphony Orchestra. I think that's when I decided to be a concert pianist."

Elizabeth Taylor's 40th Birthday

By Hebe Dorsey

PARIS, Feb. 21 (UPI)—

Elizabeth Taylor Burton has

sent telegrams to 180 friends all

over the world inviting them to

come to Budapest for the week-

end of 26-27 February to help me

celebrate my big 40th birthday

stop the hotel is very Hilton

but there are some fun places to

go to stop dress slacks for saturday

and something gay and pretty

for sunday night stop dark glasses

for hangovers in between."

The Burtons are in Budapest

because Mr. Burton is making

"Bluebeard" there. The party

will be a double-barreled affair,

for both Miss Taylor and her

sister, Christopher, 16, were born

on the same day: Feb. 27.

Miss Taylor asked Larry

Barker to do the decorations for

parties on both nights. Mr.

Barker, former window display

artist at Bonwit Teller's, New

York, recently revamped the

Vicky Tiel boutique on Rue

Bonaparte, Paris, in which Miss

Taylor is a partner.

Mr. Barker was beside himself.

"We're on the phone over

an hour," he said. "She told me the grand ballroom was red

and gold and to plan accordingly.

Balloons

"I'm having 1,000 gold balloons

sent from New York," Mr. Bar-

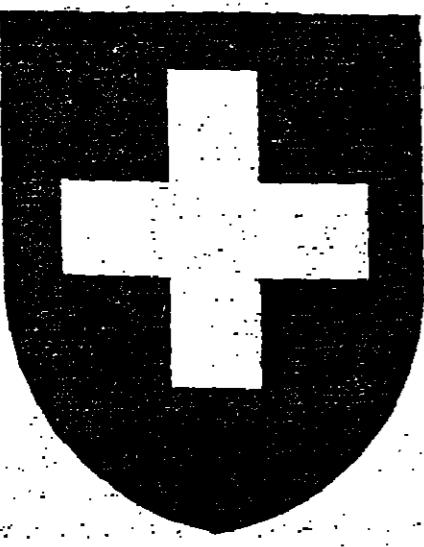
ker said, "and I'll bring 2,000

red and pink ones from Paris."

Larry Barker knows his bal-

loons. He dumped 1,500 of them

into Jacques de Chambord's pool



SPECIAL
REPORT

INTERNATIONAL
Herald Tribune
Published with The New York Times and The Washington Post
PARIS, TUESDAY, FEBRUARY 22, 1972 * R

SWITZERLAND

FOR SWITZERLAND, 1971 was a year of hectic readjustments for all phases of the domestic economy, and especially for its financial institutions.

Massive capital inflows estimated at \$2.5 billion, a lagging domestic economy and a record-breaking price spiral imposed unacceptable problems for the little nation once hailed as an island of stability.

A torrent of incoming capital preceded and precipitated the 7 percent revaluation of the Swiss franc in May. On its heels came the August suspension of the dollar's gold convertibility and a severe monetary crisis which triggered a new flood of funds.

Switzerland's industries, which must export to survive, found costs soaring while growth rates leveled off. Consumer prices climbed 6.6 percent in the year, with further gains predicted. Real GNP grew a little over 4 percent, while the GNP deflator, considered a broad measure of inflation in the economy, gained 3 percent.

Tourism had a good year, but was hampered a bit by labor shortages partially due to a law limiting the number of foreign workers allowed in Switzerland. A shortage of workers also pinched the building trades, whose costs ballooned 15 percent in the year.

The federal government began to take a more direct hand in economic matters. In June, it ordered a freeze on demolition and construction of non-essential buildings in certain areas.

A new constitutional amendment makes it possible for fiscal policy to be a bit more sensitive to the economic situation; it allows the government to make some adjustment in income and sales tax rates as a stabilization

device. A special reserve of 135 million francs (about \$35 million) will be set aside for economic fluctuations.

Much of the readjustment responsibility fell upon the country's banks. They agreed to continue their restriction on credit expansion. Party as a result of this, commercial and private loans increased much less than in 1970.

The banks also agreed to two measures proposed by the Swiss National Bank to prevent further inflows of funds. No interest was paid on deposits of Swiss francs made by foreigners after July 31. In addition, a limit was set on the number of dollars purchased each day per bank and per customer.

But much of the newly arrived foreign capital has remained in the country despite these measures. Some suggest many of these funds were brought in by Swiss citizens, whose deposits were not subject to the interest restrictions.

Swiss bankers say they expected huge amounts of Swiss and German currency to leave when the December monetary agreements were announced. The fact this did not happen indicates "confidence has not been restored in the viability of the dollar," one banker declared.

He named several factors which would help restore confidence: acceptance by the U.S.

congress of the December agreements; a better mood on the New York Stock Exchange, and improvement of the U.S. balance of payments situation. "But the whole question is not yet settled," he said.

Another banker agreed with the diagnosis and said it might be a year before the funds begin to move out of the country.

During 1972, further slowing in economic activity is generally expected—much of it due to the fact that Switzerland's big trading partners, such as Germany, are having similar problems of their own.

In addition, there were indications Switzerland is giving more thought to relinquishing its autonomy in monetary policy. President and Finance Minister Nello Celio said last week his country should join the World Bank and International Monetary Fund, because the chaotic events of the last year proved that Switzerland was no longer free in monetary affairs.

WATCHMAKING

Faced with a sharp challenge, the Swiss watch industry is both determined and confident.

By A. L. Sugar

GENEVA (UPI)—It is expected that in 1970, some 300 million watches will be sold in the world. How many will come from Switzerland? Manufacturers in this country answer with quiet confidence that the Swiss provide about half of them, for they are determined to maintain the industry leadership which the Swiss have enjoyed for generations.

However, the Swiss watchmaking industry has learned to face growing competition, especially in the last dozen years.

With the emergence of national industries in several countries, the Swiss share of world production has shrunk during the last 20 years from 52.2 percent to 44.7 percent. Similarly, the overall European share of the global production of watches has fallen from 70.6 percent to 58.8 percent. France was the only nation whose production increased, to a larger share—from 4 percent to 6.5 percent, but the Swiss note that its proportion of world output was very low to begin with in that 20-year span.

Switzerland's watch sales abroad now account for 71 percent of the world's watch exports, compared with 74.6 percent 20 years ago.

The Soviet Union has 8.4 percent of the watch-export market, Japan 8.5 percent and France 8.1 percent. One might be inclined to attach little importance to such competition when considering the 71 percent share of the Swiss.

But, in fact, the Swiss watch industry is very concerned about these rivals. Switzerland, which exports up to 97 percent of its watch production, is keenly aware that its main competitor—Japan—has been registering each year, not only in its foreign sales totals but also in the quality of its products.

Japan's domestic market absorbed only a little more than 10 million of the 23.77 million watches produced in that nation in 1970. This made Japan the second largest exporter of watches among the world's manufacturing nations. Despite this success, Japan has continued to protect its domestic market efficiently from foreign competitors, raising tariff barriers as high as 40 percent.

Almost completely destroyed in World War II, Japan's watch factories are now.

The Japanese watch industry is very concentrated, and its firms are fully integrated into larger corporate structures that are diversified. This is the situation, for example, of Hattori-Seiko, the second largest watchmaker in the world. Japanese watch manufacturers, therefore, have a financial capacity which allows them to develop new products or new markets at a price that many of their Swiss competitors can ill afford.

Whereas Japan has made a direct frontal assault on the world's watch market, American interests have gone on a different tack—taking over some Swiss firms in order to improve their own image in the U.S. domestic market. This explains why the U.S. share of the world's exported watch market is put at only two-tenths of 1 percent.

Basel's leading role in the chemical industry is of ancient vintage. In fact, it can be stated that since the middle of the 18th century Basel has been the cradle of the world's chemical industry, the center from which it grew to its present worldwide dimensions.

The top four Swiss chemical companies were founded in Basel and maintain their headquarters and important production units here.

They employ in the Basel area more than 35,000 of the 64,000 persons working in the Swiss chemical industry. The four account for 85 percent of the chemical production in Switzerland. A second group of six firms shares 15 percent, with the remaining 20 percent divided among 40 major factories.

The chemical industry has relatively important installations in Zurich, Bern, Geneva and Lugano also, but none of these centers rivals Basel as the focal point of the Swiss chemical industry. When a Swiss is asked what he knows of Basel, he will cite the sea, the harbor on the Rhine, its carnival and the chemical industry, as he will talk of Zurich for big finance and its machinery industry and will mention La Chaux-de-Fonds as a watchmaking center.

Like other manufacturers in Switzerland, the chemical industry did not have large native supplies of raw materials to bolster it. From its beginnings, therefore, the Swiss chemical industry focused on specialized, rather than basic products—on elaborate products which could reward its knowhow with a higher rate of return than comparatively simple products would have brought.

Thus, a breakdown shows that 40 to 45 percent of the Swiss chemical industry's output is in pharmaceuticals. In this field, Switzerland ranks second, behind the United States, in the world lineup of producing nations.

The output of even the smaller

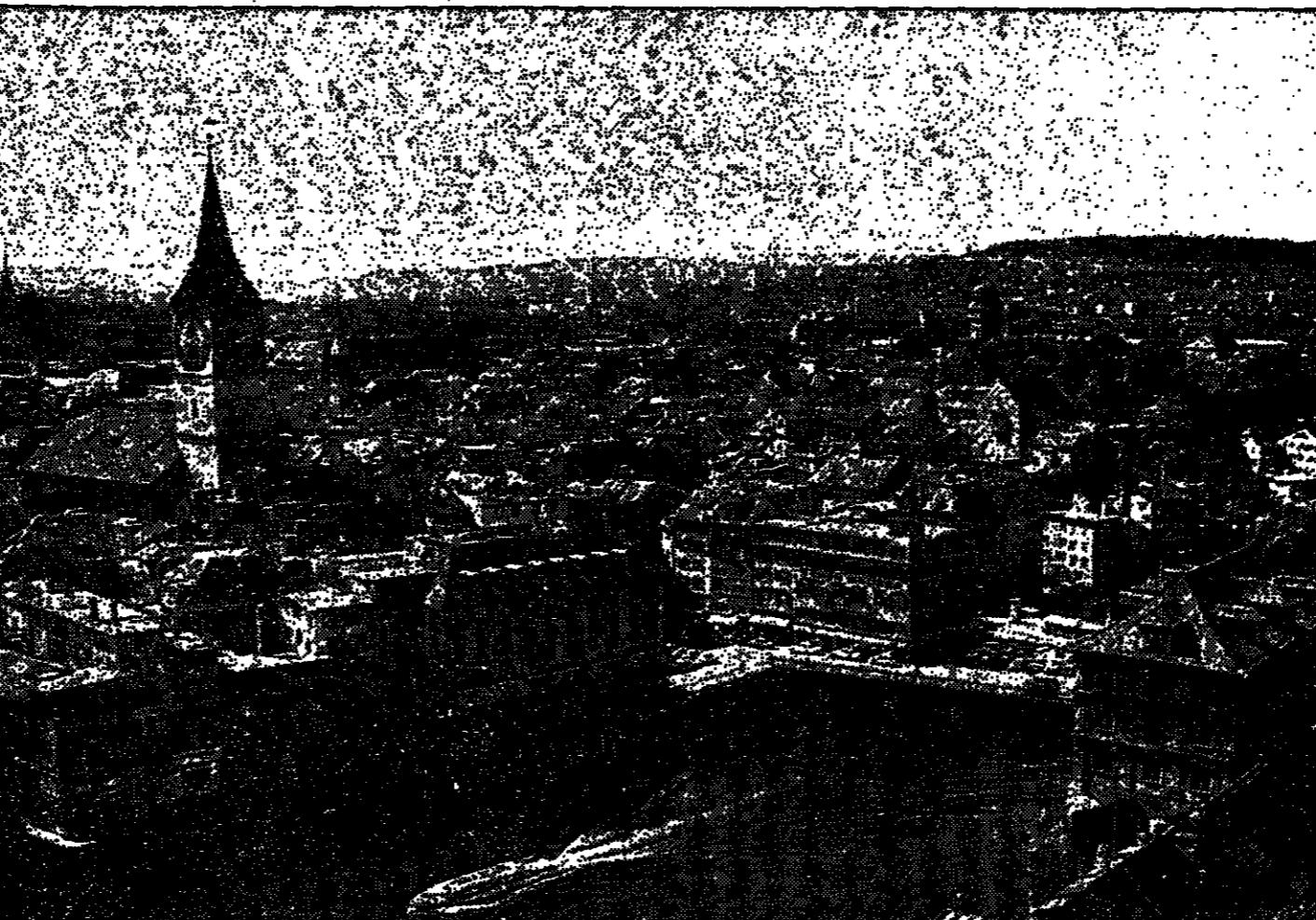
A Unique Turntable for International Funds—Some Reasons

By Jan Nugent Pearce

ZURICH (UPI)—Switzerland's unique position as financial turntable for international funds and hospitable reservoir of foreign capital came about through a unique combination of necessity, Swiss shrewdness and shrewdness.

The Swiss realized in the 1940s that their landlocked little country must expand its trade with other nations to survive in the competition with the seafaring lands of Europe. This commerce had to be financed and insured and thus the Swiss banking and insurance industry had its beginnings.

When the French Huguenots smuggled the family silver across the border for safekeeping, Swiss banks began their role as discreet,



Swiss National Tourist Office
The city of Zurich, headquarters of one of the world's most important banking centers.

New Trends and a Time of Transition

By Barbara Bell

ZURICH (UPI)—The winter visitor to Switzerland today, skimming over dazzling, crunchy snow, breathing crisp, pure air and gazing up in awe at the towering white crest of the Matterhorn, horn, and the summer visitor strolling beside quiet lakes and among wildflowers in the green pastures of the Bernese Oberland, may find it hard to believe that until the middle of the last century many Swiss people regarded their country's spectacular landscape as something of a national disaster.

Fully a fourth of Switzerland's rugged 15,941 square miles is fit neither for agriculture nor for forestry. Few minerals have been found there. About 60 percent of the country is covered by Alpine mountains, stretching from east to west across the southern part of the Swiss territory; the Jura range, running from southwest to northwest, covers an additional 10 percent.

The scenic beauty of Switzerland has never gone unnoticed.

Jean-Jacques Rousseau was one

of the first travelers to praise it

TOURISM

widely, and celebrated 19th-century visitors included Madame de Staél, Byron, Goethe, Longfellow, Brahms, Mendelssohn and Mark Twain.

But it was after 1850 that the British "invented" tourism in Switzerland on a large scale, and turned all of that scenery into a business.

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In 1863, Thomas Cook, who was just starting out in the travel business himself, organized the first group travel in Switzerland.

"Yes, tourism is changing," said

Mr. Birnbaum, "Switzerland has traditionally directed its appeal to the individual traveler. Now,

although we don't exactly try to appeal to mass tourism, we are trying hard to cater to particular tourists in charter flights."

"Ski areas in Switzerland offer more and more package deals."

Meetings and convention facilities are being expanded throughout the country."

Switzerland must also work to change certain incorrect images

of itself, according to Mr. Birnbaum—for one, that of being a

playground exclusively for the idle rich.

"For many years now, we have been trying especially to attract the younger generation—students, for example, who may not quite be able to afford a luxury hotel stay in St. Moritz," Mr. Birnbaum said, with a smile.

And in 1972?

Paul Birnbaum, press director for the Swiss National Tourist Office in Zürich, discussed new trends in Swiss tourism in an interview recently.

Package Deals'

"Last year, we invited representatives of European youth magazines and student news magazines, regardless of their tendencies, to come and see Switzerland through their own eyes. We grew some hippies, and some leftists... and it was such a big success that we plan to do it again."

"We have to let people know that one of the advantages of tourism in Switzerland is that it offers several price ranges. If you want the best and the most luxurious, you have to pay for it, but you can have it."

"On the other hand, I have heard about a tiny village in the St. Gotthard area—it's not even on our list of Swiss winter resorts—that was discovered by a group of Canadian students on a charter flight. Now they come back every year and stay at a small inn, pay a little more, and get a great time."

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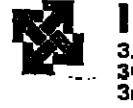
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Schweizerische Kunst- und Antiquitätenmesse
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Swiss Art and Antiques Fair



SWISSPACK 6.-10.6.1972
2. Internationale Verpackungsmesse
2nd Salon International de l'emballage



ART 22.-26.6.1972

3. Internationale Kunstmesse
3rd Salon international d'art



SURFACE 6.-12.9.1972
3. Internationale Fachmesse für die Oberflächenbehandlung - 3^e Salon international des traitements de surfaces - 3rd International Surface Treatment Exhibition



NUCLEX 16.-21.10.1972
3. Internationale Fachmesse für die kerntechnische Industrie
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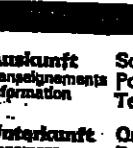


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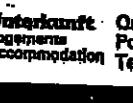
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MEDEX 6.-10.3.1973
2. Internationale Fachmesse und Fachtagungen für medizinische Elektronik und
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Lugano: Blossoming Center For Banking

By Thomas J. Hamilton

LUGANO (NYT).—This lake-side resort has been transformed into one of the principal financial centers of Europe as a result of the almost irresistible appeal of the dependable Swiss franc.

The 35 Swiss, American, British, German and Italian banks, not counting savings banks, and eight brokerage houses doing business in a town of 20,000 people are sufficient evidence of the influx of foreign capital seeking a safe haven in Switzerland.

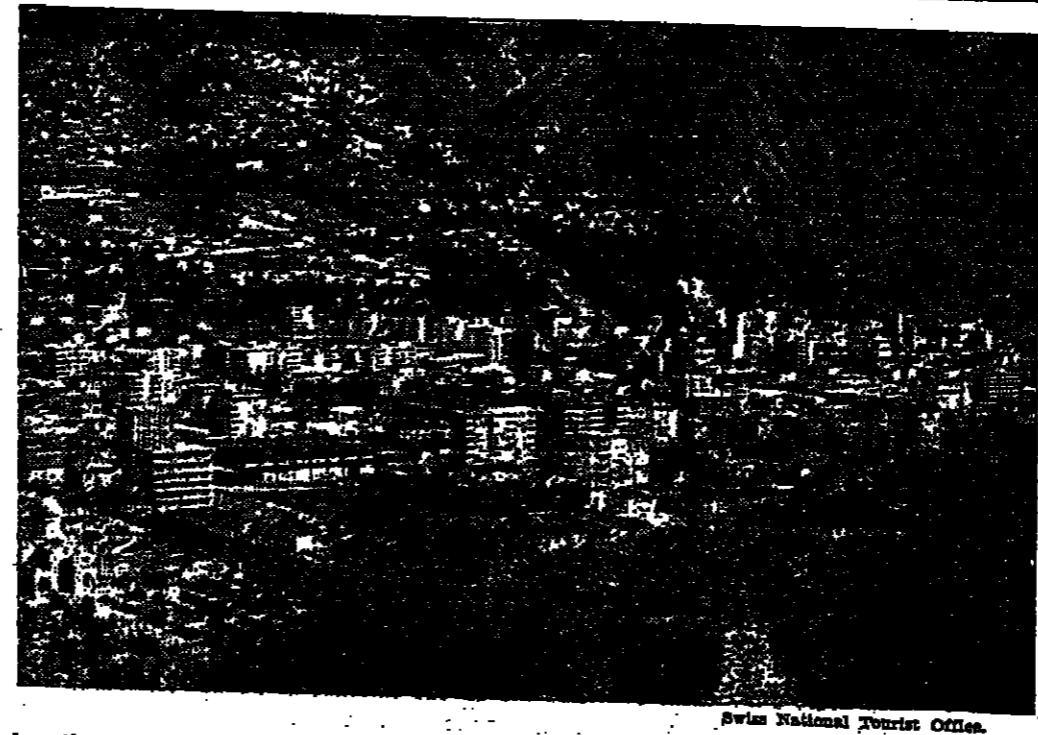
How many hundreds of millions of dollars are brought here every year for investment, or simply to be squirrelled away in a numbered bank account, is not known, since only the savings banks are required to make public the amount of their deposits and assets.

However, one Lugano banker said in a recent interview that the Lugano banks now provide 40 percent of the total tax receipts of the Canton of Ticino, which has a population of 225,000.

Since Como, just over the Italian border, is only 19 miles away, Lugano offers excellent facilities for Italians who refuse to comply with government regulations placing severe restrictions on the money they are allowed to take out of the country without a permit from the treasury.

According to banking sources, some of the banks interested in Italian business recently started making swapping arrangements that eliminate the hazards of bringing out wads of currency.

Since there are always some outside concerns who need lire to meet obligations in Italy, they buy them at a discount from an Italian who wants to convert his lire into a hard



Swiss National Tourist Office

cigarettes, coffee, and Swiss watches, all much more expensive in Italy than in Switzerland. These time-honored routes are now used to bring back Italian banknotes.

However, automobiles are a more dependable method because the volume of traffic across the frontier makes it difficult for the Italian authorities to catch smugglers in either direction. (There are no restrictions on the importation of any kind of money into Switzerland.)

According to banking sources, some of the banks interested in Italian business recently started making swapping arrangements that eliminate the hazards of bringing out wads of currency.

More important, Lugano and the adjoining towns on Lake Lugano have a considerable number of British, Dutch and Swedish residents, while Locarno and the adjoining resort of Ascona on Lake Maggiore, 25 miles to the northwest, is noted for its large German colony.

All of them find Swiss income taxes lower than at home, with the result, according to one banker, that the Lugano banks now handle almost as much foreign capital as their Geneva competitors or even those of Zurich.

Although the Lugano banks comply faithfully with the strict Swiss banking secrecy laws, it is believed that relatively little American capital has come here, if only because there are few American visitors to this resort area.

However, there are many tourists from Argentina, Brazil, Chile and other Latin American countries faced with a flight of capital and a number of them find it useful to leave money here.

More important, Lugano and the adjoining towns on Lake Lugano have a considerable number of British, Dutch and Swedish residents, while Locarno and the adjoining resort of Ascona on Lake Maggiore, 25 miles to the northwest, is noted for its large German colony.

The American Express International Banking Corp. has made here since 1960.

The fact that Lugano is no longer just a tourist resort is confirmed by the lavish new buildings occupied by some of the big Swiss banks.

(Continued from Page 7)

Ings produced testimony indicating that organized crime figures and "white collar criminals" were using numbered Swiss accounts to evade U.S. taxes and manipulate stocks on American stock exchanges.

Under Swiss law, bank officials have negotiated unsuccessfully for over two years on a tax treaty to give American law enforcement officials some access to bank accounts of mobsters.

There is general agreement that the standards of conduct among most Swiss banks are good. But there have been a few untoward incidents. United California's Swissbank collapsed after its executives engaged in some quick-wheeling speculation in cocoa futures. Last year, a small private Swiss bank owned by two German nationals solicited the leaders of at least two African republics to deposit a Swiss account under the name Helga R. Hughes and then endorsed and deposited checks intended for millionaire industrialist Howard Hughes, the subject of a book by Irving. Swiss authorities located the funds and have threatened to prosecute the case.

For years, outsiders have puzzled over how much of the money in Swiss banks was put there by foreigners. Estimates have ranged from 30 to 60 percent but no one really knows but the bankers, who aren't talking. Rumor has it that every

national crisis around the globe brings more money to Switzerland, where wealthy people with portable capital believe it will be more secure.

Much of the foreign capital is deposited in bank trust departments, where the banks invest and manage it. Traditionally, Swiss bankers are known more for their discretion and trustworthiness than for quick-profit tactics in managing these funds. Their image is one of conservative, experienced investors.

Interestingly enough, Swiss banks have very few bank checking accounts as Americans know them. Instead, most Swiss use a similar system administered by the post office, which transfers the funds from one giro account to another when directed. It's cheap and efficient and one Swiss banker confessed the promotion of conventional bank checking accounts is "an uphill battle."

Swiss bankers insist that the majority of their foreign funds come from European countries and not from the United States. The neighboring countries are our most important foreign customers," one banker reported.

He suggested one reason may be the language proficiency of Swiss bankers, who may speak as many as four or five languages fluently.

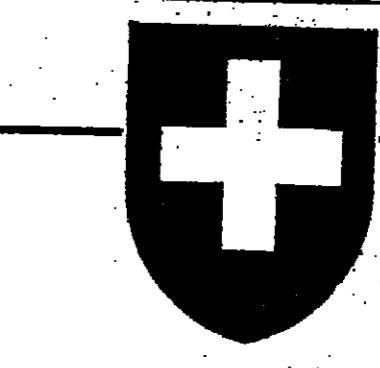
Swiss Bank Corp. and Swiss Credit Bank follow Union Bank in order of size, with Swiss Volksbank and Bank Leu making up the full list of big banks. In recent years, it has also become customary to talk about the "big three," whose size and business interests are more similar.

Dr. Mast singled out his organization's securities business as a fast-growing part of the operations. Short-term Eurodollar business is also traditionally profitable one, he noted, but it has become increasingly risky in recent months.

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As a result, there is a competition for experienced and talented people such as foreign exchange traders, and some banks have a high turnover.

One of the first banks to experience the effects of the new licensing regulations was Chemical Bank of New York, which wanted to open a branch in Zurich in October 1970.



Foreign Banks

(Continued from Page 7)

greater influence on its government than the American Bankers Association) said in a speech four years ago that some of the foreign banks "are a source of worry to us."

"They have not only contributed to excessive foreign influence in some of our banking centers," he said, "but have also in certain instances pursued a somewhat unorthodox business policy which—at least in times of crisis—might easily be laid to the charge of the Swiss banks as a whole."

The foreign bankers interviewed saw it another way. They insist, they said, on maintaining the highest standards, and the problem children among the banks are a few small private banks owned by Swiss.

Although the Swiss banks have been known as bankers for excellence for a very long time, with the move of foreign banks into the country, a recent phenomenon that paved the rise of multinational companies in Europe.

Although the British were represented early—Lloyd's set up in 1819—Americans did not discover the possibilities of active commercial banking until Citibank set up shop in 1863. American Express was another early entrant in the field.

The move is continuing, although the July 1, 1970, law requiring licensing from the Federal Banking Commission has made it more difficult, and a law requiring reciprocal branching rights for Swiss banks from the headquarters country (or state) of an interested foreign bank has made it next to impossible for some. Illinois' lack of this "Gegegecht" for example, has caused immense difficulties for the big Chicago banks that want to open Swiss operations.

The reciprocal branching privilege is only one of the major points in the law. Others require that the directors and administrators have a good professional history, specify that a majority of the important managers must live in Switzerland, require the banks to make it clear they are foreign-owned and bind them to follow the "gentlemen's agreements" reached by the Swiss banks under the direction of the Bankers' Association. They are also forbidden to advertise their Swiss operations heavily.

The "gentlemen's agreements" have in the past been the favored form for getting bankers' support for government policy, such as control of inflation. Although they now have no force of law, the governing coalition in Bern has proposed, as part of the new banking law, making them mandatory and enforceable. A similar proposal failed once before, but it had opened support.

One of the first banks to experience the effects of the new licensing regulations was Chemical Bank of New York, which wanted to open a branch in Zurich in October 1970.

Sour Note

Only shortly after its application was filed, United California Bank's subsidiary in Basel closed with a large loss caused, the home office said, by unauthorized trading in commodities, mainly cocoa.

That scuttled the idea of more foreign banks for the Swiss, and Chemical Bank had to sit tight for more than a year until its application was approved. The branch finally opened in April 1971.

"We had to wait 524 days," Wolfgang M. Riester, an assistant vice-president in the branch, said ruefully.

Seven offices of the Basel branch were arrested, including one American. The Swiss now consider the incident closed, but it still ripples through the banking world.

Ask almost any foreign banker in Switzerland what his main business is and he will say foreign exchange dealing, investment portfolio management and corporate finance.

The foreign exchange business is centered in Zurich, where all of the major banks have active money market trading rooms. Chemical Bank has six dealers, Citibank five—that hum with the sounds of negotiations, telephones and telex through the trading day.

For them, it is big and profitable business. "The volume is very big," the manager of one American bank said.

He estimated that on one day a major Swiss bank might do \$100 million to \$250 million in

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foreign exchange trading—and 80 percent or more would be positions taken by its own traders.

Mr. Giger of Citibank said the money market provides a good opportunity for bank profits, for one reason because the small number of personnel involved makes "the expense side relatively small."

"It depends mostly on one man in a bank—the chief exchange trader," he said.

Another major activity is investment management, which usually means buying and selling stocks and bonds for the banks' customers.

"There is no doubt that the biggest buyers and sellers on the New York Stock Exchange are banks in Switzerland," Citibank's Mr. Giger said.

He said Citibank's investment customers include a small percentage of foreigners living in Switzerland, and the rest are non-Swiss living around the world.

His bank does not perform this service for American citizens, who might be trying to evade American taxes or Securities and Exchange Commission margin requirements.

For the same reasons, most foreign banks discourage any sort of accounts from citizens of their home country—in Great Britain it is illegal to have a foreign account—and refuse entirely to open numbered accounts for them.

An executive of one American bank, who asked that his identity not be given, said most of his customers are people with family fortunes attracted by Switzerland's stability and banking tradition as well as its near-impenetrable banking secrecy.

This banker said most of his trading is done on European exchanges, through European banks. Trading on the American exchanges is done through the multitude of American brokerage firms with branches in Switzerland.

Legal Conflicts

The Swiss rules forbidding disclosure of virtually all banking information except overall figures has led to some conflicts with the American regulations on reporting and capital export.

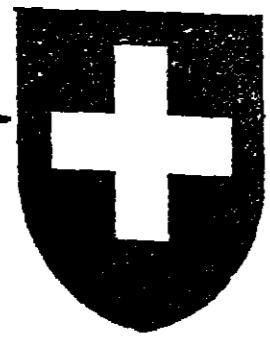
The banks have had to solve this in favor of the Swiss law, which governs their operations in the same way it governs the true Swiss banks. But they have been able to meet the American rules somewhat by reporting loans when the company they lend to gives its permission.

Other than that, however, nothing goes out, and it has led to disagreements between branch managers and their American superiors.

I think the head office has resigned itself to the fact that it's not going to get the information," said one American banker who has been through the problems.

The same situation applies to banks' internal auditors. Bank of America, for example, reached an agreement with the Banking Commission that internal auditors could inspect the books only after signing a secrecy pledge that binds them to the same practices as resident bankers. They can take no papers away from the branch and must do all their work on the premises.

The eternal problem of finding staff for a new bank is especially severe in Switzerland, where work permits for foreigners, except for top management, are very hard to get.



Chemical and Pharmaceutical Industry

(Continued from Page 7)

firms in the chemical industry in Switzerland is remarkable, considering the size of the Swiss market. The production of 55,000 metric tons of soap and detergents and of 60,000 metric tons of paints and other coating products, for example, is comparable to the annual output of those products in the much larger country of France. In Geneva is situated the world's second leading manufacturer of soaps and flavors.

Basel's four giants of the Swiss chemical industry are Ciba-Geigy, Hoffmann La Roche, Sandoz and Lonza.

Ciba-Geigy, with an annual turnover of 6.95 billion francs, is second in that category only to Nestle, which leads all Swiss firms, with turnover of 10.205 billion francs. Hoffmann La Roche is third-ranked, with an estimated turnover of 5 billion. Sandoz is fifth, with 2.751 billion and Lonza is 23rd among Swiss firms.

In a 1971 rating of the world's 200 major chemical firms, the review *Chemical Age* ranked Ciba-Geigy 18th, Hoffmann La Roche 20th, Sandoz 35th and Lonza 176th.

Among the 20 leading pharmaceutical-manufacturing firms, *Chemical Age* put Ciba-Geigy second, behind Merck & Co., of the United States. Sandoz was ranked eighth just ahead of such U.S. giants as Upjohn, Bayer and Bristol Myers.

A lack of statistics makes it difficult to assess the weight of the chemical industry in the Swiss economy, as one Hoffmann La Roche vice-president noted in a recent lecture.

But it must be accorded an important role — in 1970, for instance, with the gross national product put at 89.6 billion francs and industrial activity said to account for 32 billion. The chemical industry was reported to have 15 percent of that 32 billion, ranking behind the machine industry (23 percent) but ahead of the food industry (14 percent), metallurgy (11 percent) and watchmaking (8 percent).

Over the last decade, the chemical industry has been relatively dynamic in comparison with other Swiss industrial activities.

Between 1965 and 1970, its production showed an average yearly growth rate of 8 percent, com-

The Leading Companies

CA-200	rank	1970	1969
30	March & Co [†]	\$70	\$61
13	Ciba-Geigy	461	357
33	El Lilly [†]	421	400
24	Sterling Drug	418	366
25	Fisons	415	363
15	Worrell-Lambert	408	352
4	Hoechst [†]	346	325
65	Sandoz	342	320
7	Upjohn [†]	298	278
92	Bayer	222	211
73	Bristol Myers	211	205
8	Glasso	201	198
9	Rhône-Poulenc	257	225
80	Schering-Plough	225	227
17	Cyanamid	243	227
95	Roussel-Uclaf [†]	183	121
112	Wellcome	136	115
147	Beacham Group	132	105
10	Astra	121	105
153	Actos	98	85
Listings restricted to pharmaceuticals only.			
* Approximately			
† 1970 is percentage of Hoechst adjusted group total.			
Includes Sifa			

pared with 5.2 percent for industrial production as a whole.

Figures for 1971 will not be as impressive because of the franc's revaluation upward and because of the recession in important markets. Between January and June, chemical production in Switzerland increased by 5.9 percent, compared with 11.2 percent in that period of 1970. The whole of 1971 is expected to show a further slowdown, because of the world monetary crisis and recession trend.

World markets are important for the Swiss chemical industry.

In fact, it sells abroad about 90 percent of its production. Ciba-Geigy has the highest export rate of all the world's chemical companies — 98 percent. In 1970, Swiss firms exported 22.1 billion francs worth of goods — 7.8 billion in machines, 4.7 billion in chemicals and pharmaceuticals and 2.6 billion in watches.

The result is that the entire chemical and pharmaceutical industry of this small nation produces almost twice as much abroad as it exports.

higher prices accords the Swiss chemical industry a favorable balance of payments. This was true even last year, although the general condition of the world's economy reduced the export rate to 64 percent for the first three quarters of 1971, compared with 12.3 percent in 1970.

But export rates and totals do not give the whole picture of the health of the Swiss chemical companies, because many of them have long been multinational firms.

Geigy, which merged in 1970 with Ciba, set up a worldwide net of agencies during the second half of the 19th century, building its first foreign factory in 1888, near Moscow. Roche opened a plant in Grenoble, a German town not far from Basel, in 1896, the year of the foundation of the parent firm. Ciba established its first foreign production unit in Poland, in 1899.

By the outbreak of World War I, the "big three" of the Swiss chemical and pharmaceutical industry had established footholds in all major foreign markets. Today the "big three" have a total of more than 120 chemical plants, 130 conditioning factories and 195 distribution companies throughout the world. Smaller Swiss firms also have built production units outside Switzerland.

The result is that the entire chemical and pharmaceutical industry of this small nation produces almost twice as much abroad as it exports.

By specializing in high-quality products, the Swiss industry has avoided saturation of potential markets and thus has become less susceptible to major losses during periods of price breakdowns, a situation that recently hurt the plastic and man-made fiber manufacturers so badly.

In concentrating on specialty products, the Swiss industry has differed from competitors in other Western nations. The others' specialty products account for hardly a quarter of their production, while specialties constitute at least three-quarters of the Swiss firms' output.

With only nine-tenths of 1 percent of the total production in the Western world, the Swiss chemical industry nevertheless enjoys a leading position in several important fields among them:

* Pharmaceuticals — In ranking second to the U.S. industry, Swiss chemical manufacturers claim 11 percent of the world market.

The significance of this is evident when it is considered that this market is divided among 3,000 firms, none of which has a share greater than 4.5 percent. Although Ciba-Geigy was ranked second to Merck of the United States in *Chemical Age*'s 1971 ratings of pharmaceutical makers, it is probable that another Swiss firm, Hoffmann La Roche, would have been at the top of the list if it didn't have a policy of never publishing information about its financial status.

* Dyes and pigments — Except in the case of Roche, which began with pharmaceuticals, dyes and pigments were the first products of the Basel-based chemical firms. Today the Swiss companies have 13 percent of the world market for these products, ranking behind the United States and West Germany. Since its formation in the 1970 merger, Ciba-Geigy has been the world's largest manufacturer of dyes and pigments.

* Agro-Chemicals — Ciba-Geigy is strong in herbicides and pesticides. Roche, a leading vitamin producer, is important in food supplements and is also a major producer of animal-feed products. Sandoz also is a major power in food supplements. Lonsa is a principal maker of fertilizers.

* Research and Development — The Swiss chemical industry has always emphasized this aspect of its operations, with the result that it has developed a long list of products considered breakthroughs in improving the world's health, registering new patents in a widening range of products.

Swiss parent firms of multinational complexes allow between 8 and 11 percent of their budgets to R&D each year. This compares with an average R&D investment of 4 percent elsewhere in the chemical firms of the world. Only in the United States do some companies invest as heavily in R&D as do the Swiss firms. Elsewhere in the world, many companies prefer to copy rather than to create. In several countries this is far more profitable than R&D because of a lack of legislation to protect intellectual properties. Neither this situation in foreign markets nor the increasing cost of research has induced Swiss chemical firms to cut down on their R&D.

Because of this emphasis, Basel has developed into an important scientific town and will undoubtedly become even more so in the years to come. This prediction is a viable one because R&D will assuredly become more important in the future, and because — on account of the growing Swiss shortage of space, manpower and water supplies, new production plants are unlikely to be a feature of the Swiss industry's life ahead.

The trend for Swiss production units that do exist is to concentrate on developing prototype products with full-scale production scheduled for foreign factories.

Some research operations also have been exported to maintain close liaison between laboratory and production plant. Today, the Swiss chemical and pharmaceutical industry supports major laboratories in practically all of its important markets.

Some years ago, a new technique evolved of creating, in Switzerland and abroad, institutes which deal exclusively with pure research. Under this program, an example is the Woodward Institute in the United States, an organization founded by Ciba-



The giant Ciba-Geigy complex in Basel, on the Rhine.

to 5 percent in each of the following categories: agro-chemicals, plastics, soaps and detergents, paints and other coatings, application products for textiles, paper and leather, and scents and flavors.

This field, Roche absorbed Electro-technique Marcel Dassault, a former division of the French aerospace firm, near Paris. Sandoz integrated into two Italian groups, Steriplast and Dason, which manufacture surgical instruments.

Another example of diversification is Sandoz's 1967 takeover of the Wander-Giaro group, an important dieticetic-food manufacturer.

Protectionism, the nationalistic spirit in developing countries, a lack of protection for trademarks in some nations, growing production costs, reduced profit margins, deterioration of the environment and the world's economic difficulties and monetary problems are all negative factors when considering the prospects for the chemical industry of Switzerland.

But, thanks to its financial, commercial and technical competence, and to its towering stature in the chemical world, the industry here is confident of advancing into the future on a healthy course.

The Watchmaking Industry

(Continued from Page 7)

product competition and with American financial penetration into its own treasures, the Swiss watchmaking industry reacted in two ways:

* It started to reorganize its corporate structure.

* It began an intensive search for entirely new types of watches.

Until recently, Swiss watchmaking was almost solely a family business, with production divided among numerous (there were 1,700 last year) firms and very specialized companies.

Some firms have managed to maintain their traditional structures, but the majority found it increasingly difficult to survive in the struggle for markets and new products.

An antidote was found in the technique of concentration, a process which has been accelerating during the past two years. Today, 10 firms account for 65 percent of total Swiss watch production.

"Alone, a big economic bloc can successfully resist the growing pressure of fees on the world markets," according to a recent survey of the Swiss watchmaking industry. "Besides, concentration is the only key to the capital market. And it is only in the capital market that it will be possible to find the financial means for research and development, as well as the investments that will allow a growing productivity. The first public issues of shares of the market's bridge between basic manufacturing and the world's markets to cut down on their R&D."

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to 5 percent in each of the following categories: agro-chemicals, plastics, soaps and detergents, paints and other coatings, application products for textiles, paper and leather, and scents and flavors.

That is an explanation of ASUAG/Ebauchs' takeovers of two groups, General Watch and Longines-Rotary, both active in producing finished watches. They will act as the new parent firm's bridge between basic manufacturing and the world's markets.

Before these takeovers, ASUAG/Ebauchs ranked third among the world's top watchmakers, with a turnover of 760 million francs. That put it behind only Timex, with a turnover of 860 million, and Hatiori-Seiko, with 775 million. The takeover of General Watch and Longines-Rotary should enable ASUAG to top the list, with more than a billion francs in turnover.

Concentration, the search for new strategies on selling and market development are only part of the Swiss industry's changing picture. The other, of course, is new-product development.

At present, conventional watches dominate production throughout the world. But research is under way on a wide-ranging plane, to improve the products. Very important manufacturers have their own laboratory for that purpose. But there is also a common institution, the Swiss Laboratory for Watchmaking Research, which deals with advanced metal technology and similar possibilities for product change.

One possibility being explored intensively in Switzerland is that of producing electronic watches. In that field, a second common laboratory has been established, the Horological Electronic Center, designed to study specifically the problems of developing an electronic wristwatch. Success in these studies has surpassed expectations, not only at the common center but in many firms' private research and development laboratories. The result is that several electronic watches are appearing, or are about to appear, on the markets.

As far as price is concerned, one expert said, the development of a watch using plastic main parts is the most important advance in the industry. The electronic watch seems even to fascinate a large public through its almost perfect accuracy. The marketing surveys which have been conducted in West Germany and in the United States on behalf of the Swiss watchmaking industry are particularly significant: sales possibilities of electronic watches on these markets seem practically unlimited.

Another interesting invention new on the market is the watch with the main parts made of plastic. Its development results in an important simplification of the manufacturing process. Whereas one of the main components of a traditional watch needs 40 steps in its manufacturing process, the equivalent plastic part requires only one manufacturing step. In this new watch, there are far fewer components: 52, compared with more than 90 in a conventional watch.

"As far as price is concerned," one expert said, the development of a watch using plastic main parts is the most important advance in the industry.

Other important research in the Swiss industry concerns greater automation of watch production. Several firms are conducting such research, among them ASUAG. It has succeeded to the extent that it now offers watchmakers a wide range of machinery, one of the most sophisticated products being a completely automatic assembly line.

Beyond the immediate problems of developing new types of watches, the industry is also gearing for diversification. With the electronic watch expected to take a growing share of the market, industry insiders foresee that within 20 years Swiss watchmakers will have to look for other products to turn out of their factories. Otherwise, they fear, many factories will have to be shut down. They predict that this will be a rapid evolution, this changeover to other products, but they don't forecast any drastic upheavals.

Swiss watchmakers are enjoying prosperity in the present, and they want to insure that they will prosper in the future.

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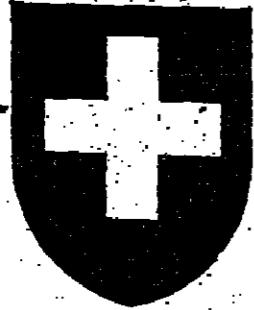
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Switzerland — Italian Style

By Stuart Troup

LOCAENO (CH). — They are skiing now just above this lakeside resort full of subtropical foliage where a rare overnight snowfall leaves pretty little sculptures nesting in the palms.

Many of the enthusiasts will continue to ski the slopes of Cardada and Cimetta into April, while minnows, canaries, sunbirds and wisteria invite the less hardy to the balmy lakeside villages. And the lure of the lakes, the mild climate and the summer sports will last until the skiers trek back up the slopes next autumn.

The tourist season, like the mountain-top snow, never disappears from the Swiss canton of Ticino, which stretches south from Locarno along St. Gotthard through the deep mountain wrinkles that course to Lake Maggiore, Lake Lugano and Italy. It is Switzerland, Italian style, and close to 250,000 persons arrived to see it—in 1971. But the tourism people object to the word "arrived."

"The arrivals do not have so much importance for us because we reckon the overnights," says a spokesman for the Ticino Tourism Association. "Economically it is not the number of persons which is important, it is how long they stay." The number of so-called "overnights" last year was 5,600,000, of which 750,000 were spent during the winter.

Year-Round

The tourism association sees the tourist season as spring, summer and autumn—and the figures support that view—but the presence of the lower Alps and the impressive facilities at Airolo, Cardada and Cimetta have made the presence of skiers a vigorous added income.

The greatest number of tourists aside from the Swiss and visitors from Liechtenstein, come to Ticino from Germany (about 20 percent). The tourist association lists visitors from Italy as the next largest group (about 10 percent), with visitors from virtually every other European nation comprising the balance.

The number of American tourists has been low, apparently because few of them take Europe by car or train, and Ticino's airports at Agno cannot handle large jets. Only about 2 percent of all tourists arrive at Agno Airport.

A number of charter flights for tour groups, however, have been arranged by agencies. Those flights land at either Zurich or Milan and reach Ticino by train or bus. The principal organizers of the charter flights have been English agencies: Swiss Travel Service, Swiss Hotel and Travel Bureau, Concorde and Cook.

Ticino is a province of sharply rising mountains in the north—therefore one of deep passes and lush valley wildernesses. It is a countryside of gentle hills, pictureque lakes and a Mediterranean-like climate in the south—therefore one of subtropical plants and fruits growing within sight of mountain pines. And there are pathways everywhere from which to see it.

At the north, it is the great watershed of western Europe. From the heights of St. Gotthard flow the Rhine to the North Sea, the Rhone to the Mediterranean and the Ticino—through Lake Maggiore and the Po River—to the Adriatic.

The Ticino

It is the Ticino River that gives the canton its name. The course to Lake Maggiore is

a mutation: a Mediterranean climate, an Alpine geography, a winter and summer sports center and the Swiss hospitality.



Now there is snow on the palm trees.
Stuart Troup.

through the Leventina Valley, whose northernmost principal village is Airolo, on the southern slope of the St. Gotthard Pass. Airolo is gaining a fine reputation as a ski center, but it is ideal in summer, as well, for walking tours and mountain excursions.

A bit further down the valley is Pioda, from which a funicular provides a mountain-top ride to Lake Ritom. The resorts of Ambrì, Pieso, Bodio and Faldo—the latter two with skilifts—follow, their houses gracefully and sometimes precariously perched on the valley's hillside.

By the time one reaches Gionico in the lower Leventina, the first vineyards can be seen. And at Biasca—the foot of the valley another glorious valley, the Blenio, stretches directly north and the Ticino River wanders south toward Bellinzona.

The trip north through the Blenio, by a car or electric railway, leads to the summer resorts of Olivone and Acquarossa, which has a reputation for its springs and baths. South is Bellinzona, capital of the canton, with three well-preserved and imposing castles from the Middle Ages overlooking its sprawl on graceful hillside.

Still following the course of the river, from Bellinzona it is a short drive to Lake Maggiore and Locarno. Maggiore, like Lake Lugano to the east and south of it, is massive, beautifully framed by the subalpine mountains and dotted at its shores with charming villages and glorious vegetation.

The lake itself, of course, is a great attraction for sailors, water-skiers and—still—bathers. There was much fuss last summer about pollution in Maggiore and Lake Lugano, but neither lake has totally succumbed to the effluvia that are destroying other resort waters. What is more, the Swiss are doing something about it.

New canalizations and clarifying plants are under construction, the tourism association spokesman says, and adds: "Bathing is allowed in the lakes of Lugano and Maggiore with few exceptions in certain areas in the bay of Lugano, Agno and Locarno."

Locarno is a comfortable resort village from which—if one tires of its lake shore promenade, or of the fresco-adorned walls of its Castle of the Visconti, or of its pilgrims' Church of Madonna del Sasso or of its charming streets—one can take day or half-day trips to its incredible surroundings.

Most obvious, certainly, are the boat excursions—notably the one to the lake of Brissago, which contains subtropical botanical gardens. But there is also an electric railway to Bignasco in the Maggia Valley, and from there a road to Fusio (4,270 feet high) and a path to the Bavona Valley as far as San Carlo. Mountain tours from San Carlo are organized to Baudino Cabin, which is 6,190 feet high.

From Locarno, there is bus service, too, to the Valsesia and the Ossola Valley. And there is a suspension railway to Mount Cardada, from which a chairlift continues to Cimetta, which is 4,950 feet high.

The Centovalli can be reached from Locarno by an electric line that runs westward all the way to Domodossola, in Italy. The Centovalli, which means hundred valleys, is a rugged wilderness

sprinkled with the characteristic stone-constructed villages of Ticino.

Closer to Locarno, and certainly worth visits or stays, are the villages of Ascona, Locarno and Arcegno. Ascona is at the edge of the lake and has a full complement of sports facilities. Locarno lies behind Mount Verita, and—even if it were not so fine a place to visit—is worth the trip if only for the pretty walks that can be made through the forest to reach it. Arcegno is about a mile from Locarno, high on a hill, and filled with delightful landscape.

Lugano

Southeast of Locarno is Lake Lugano and its principal city, Lugano—a warm, luxuriant resort on the southern slopes of hills that gently descend to the lake. It boasts the greatest number of sunshine hours of all central European resorts; it is sheltered from north winds by a chain of mountains, and its tourist office asserts that it is a health spa—"soothing to the nervous system, stimulating... health giving to the heart, circulation and respiration." Perhaps, but foremost...

Lugano is a lovely place to be, and from which to wander by car, bus, boat, rail, cable or foot. There is a wide choice in accommodations among its 200 hotels, some of which have swimming pools. And when one has tired of Lugano's endless panoramas, there are others to be seen via funicular to Mount Bre and San Salvatore. Excursions are organized to the Malcantone area via electric railway through typical Ticino villages like Bioggio, Magliaso (which has a new 18-hole golf course), Caslano and Ponte Tresa.

The vineyards, the chestnut groves and even the cornfields of the Lugano area are worth seeing for the panoramic settings of which they are part.

One trip from Lugano is a must, a trip to Capolago, where a cog-wheel railway climbs Mount Generoso (4,800 feet high) with a stop at Bellavista (4,013 feet). The rail ride is an hour to the summit of the mountain, from which there is a superb view of the Italian, Swiss and Austrian Alps and of the north Italian lakes, the Po Valley and the Apennines to the south. Three to five trains make the trip daily from early spring to late fall.

Accommodations can be had at Mount Generoso, making it possible to leave Lugano in late afternoon to see the sunset from the mountaintop (or the next morning's sunrise) and to return to Lugano after breakfast.

A Mutation

Throughout the canton, there is an extensive range of facilities, with 28,443 beds available in hotels and pensions and 6,421 in private houses. Tennis can be played indoors and out at Locarno, Lugano, Agno, Campione and Ascona; a new sports center has been established at Carona and another at Bedano, and lessons in water sports are available all along the lakefronts.

The tourist association notes that there will soon be more. A convention house is planned for Lugano, along with a public enclosed swimming pool; there will be a cableway to Mount Tamaro; a new sports center is planned at Oggio, and a number of new hotels are being built.

Switzerland, Italian style, is a mutation: a Mediterranean climate, an Alpine geography, a winter and summer sports center and hospitality as only the Swiss have a reputation for providing it with an Italian flavor.

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a dial,
a case,
a name.
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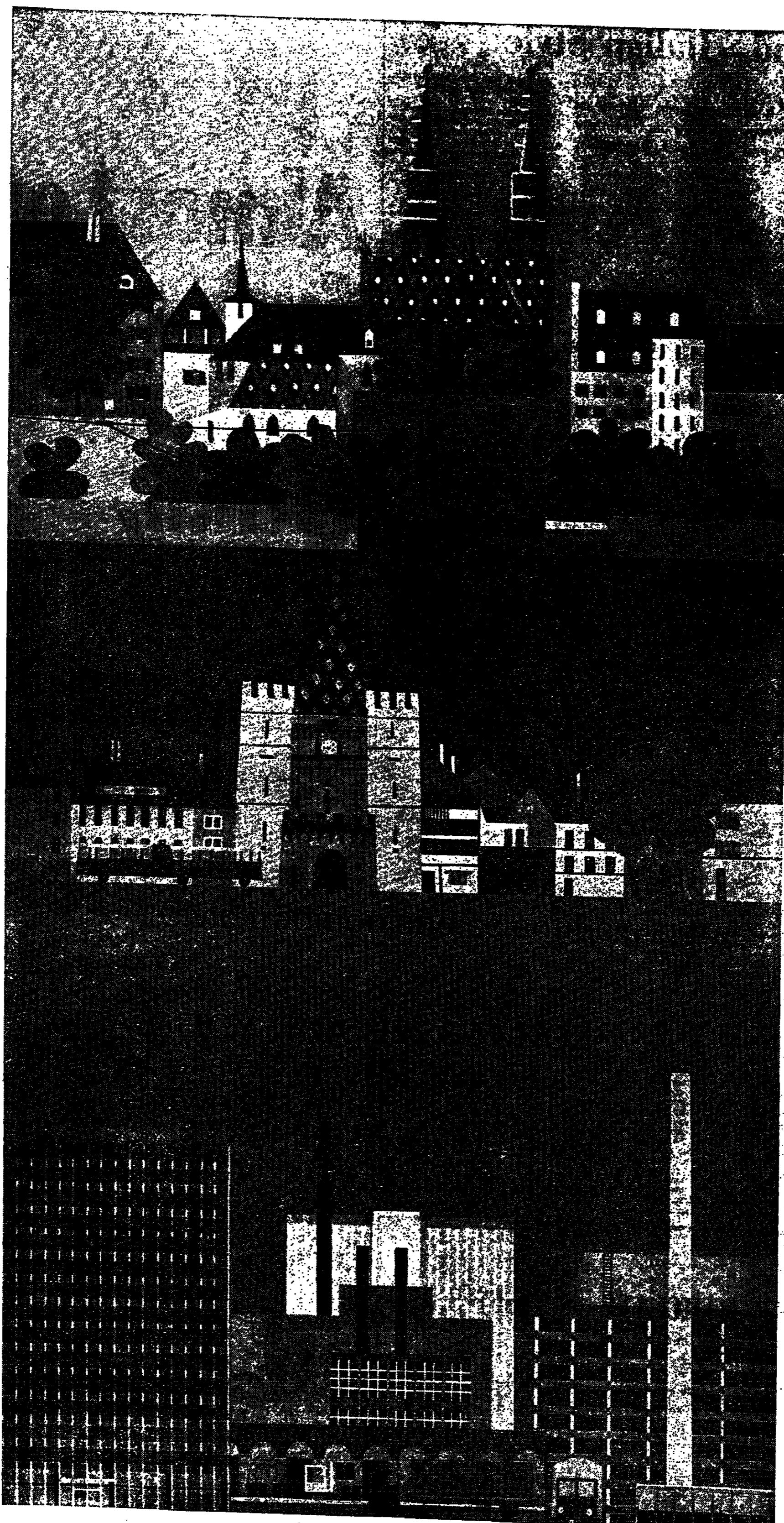
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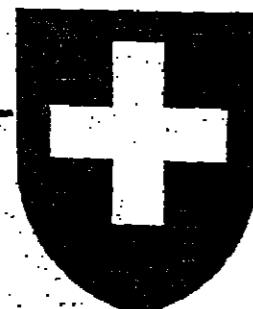
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Tourism: New Trends and a Time of Transition

(Continued from Page 7)
pay as little as 20 or 25 francs a day for full pension. Almost anyone can afford a skiing vacation at that kind of Swiss resort." (The Swiss franc is valued at about 3.85 to the dollar.)

Another bit of encouragement for travelers on a budget may be the introduction on March 1, 1972, of the Swiss Holiday Pass. This simplified form of the Swiss Holiday Ticket, which now provides reduced rates for travel by foreigners in Switzerland, will operate rather like the Eurailpass (which continues to be good for travel in much of the country). The Swiss Holiday Pass will only be sold outside Switzerland, and will be available to any non-resident of Switzerland. It will offer unlimited travel on most Swiss railways, tourist boats and postal buses for periods between 3 days and a month.

Prices range from 90 Swiss francs for a 2d class pass good for 3 days, to 240 Swiss francs for a first class pass valid for a month.

Summer has traditionally been Switzerland's major tourist season, and so it remains according to Mr. Birnbaum, but winter is catching up.

"Except for those tourists who want to go to Geneva to the Grand Theatre and see an opera, or come here and see Mireyev at the Zurich Opera House," Mr. Birnbaum said, "the winter season is restricted to our ski areas. Holidaymakers tend to rush through the cities to get above the clouds to those sunny ski areas—and they are always packed full."

According to Mr. Birnbaum, "Of an estimated six billion francs spent annually by native and foreign guests in Swiss tourism, more than two-fifths of this amount may now be credited to the winter period."

And what about competition from other winter sports areas?

"Well we do have quite a bit of competition in winter now," Mr. Birnbaum said. "The French are making tremendous efforts, building new, futuristic-looking stations... And Italy is advertising in the United States that 'The Alps Belong Mostly to Italy' you see, they have measured them and figured out they have the biggest share of the Alpine."

"But business is so good here that it's not necessary for the time being for us to ready do anything to meet this competition. Besides, since we are very liberal in Switzerland," he added with a smile, "we think, all right let the people find out for themselves. Let them compare, for instance, what they get in Austria and in France and so on."

Competition

Do the Swiss feel any competition in winter from warm weather vacation areas, such as North Africa?

"Oh, no," said Mr. Birnbaum, "this is an entirely different clientele." Besides, he added, "laughing and assuming the tone of a Swiss schoolmaster, 'in my opinion, going from the cold of winter to a tropical area is something unnatural. I can't imagine that such an abrupt change of climate is very good for your general constitution—you come back all sunburned and then you catch colds! Anyway, the Alpine sun is so strong in Switzerland with its ultraviolet rays that, especially if you wait until March, it can be just as warm as in a place like Tunisia."

More and more Swiss resort hotels and communities are building indoor swimming pools according to Mr. Birnbaum—sometimes offering sunbathers an outdoor area or sunbathing even in midwinter.

And are the Swiss expanding geographically into new tourist markets?

"Well, we have our first group of journalists visiting from Communist China this month," said Mr. Birnbaum, looking pleased.

The Visitors

As it has done regularly since the turn of the century, Germany led the list of countries from which visitors came to Switzerland in 1970 (the most recent year for which detailed statistics are available), accounting for 27.5 percent of overnight stays by foreigners.

France was in second place with 13.2 percent followed by the United States, contributing 12.8 percent, and the United Kingdom and the Irish Republic, with a total of 10.2 percent.

Next came Belgium (6.7 percent), Italy (6.5 percent) and the Netherlands (5.8 percent).

The number of overnight stays in Switzerland by visitors from the United States continued to increase remarkably in 1970, by 12.4 percent over 1969 figures.



Swiss National Tourist Office

And the 1969 increase over the previous year had been 25.3 percent.

Other noteworthy increases in overnight stays from 1968 to 1970 were registered by Japan (25.4 percent), Yugoslavia (14.5 percent), South Africa (12.2 percent), Argentina (11.2 percent), Turkey (11.1 percent), Australia and Oceania (11.1 percent) and India and Pakistan (multiplied together despite the vagaries of their politics with 22.1 percent).

Tourism ranks consistently as the largest credit item in the Swiss balance of trade and the total capital invested in tourist-related facilities is estimated at 8 billion Swiss francs.

Some idea of the importance of hotel-keeping in the Swiss economy is indicated by the ratio of hotel beds to the country's total population. According to the Swiss National Tourist Office, in 1969 Switzerland had a total of 251,931 beds in hotels, motels and pensions. This was equivalent to 42 hotel beds for each 1,000 inhabitants—the second highest figure for all major tourist countries. In first place came Austria, with 50 hotel beds per thousand. The United States and France had 29 and 25 hotel beds respectively for each thousand people.

Switzerland reported an increase in total hotel beds to 265,952 in 1970.

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Switzerland reported an increase in total hotel beds to 265,952 in 1970.

A number of factors have contributed to Switzerland's success as a tourist center—among them are the country's compact size, its entertaining diversity of cultures (as their mother tongue, 75 percent of the Swiss speak German, 20 percent speak French, 4 percent speak Italian and 1 percent Romansh); the reputation of the Swiss people for being honest, pleasant and peace-loving; the country's extensive and efficient systems of transportation and its highly developed facilities for all types of summer and winter recreation.

The major tourist attraction,

is considered an "invisible export."

According to the Swiss National Tourist Office, gross income from tourist expenditures in Switzerland now amounts to 8 percent of the total national income.

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The major tourist attraction,

The Future

And for the tourist of the future?

"It is becoming ever more clear," Dr. Kampfen says, "that the tourist of the next century will be a person enjoying mostly free time who will regard transport purely as a means of getting him as quickly and comfortably as possible away from his concentrated center of population to his chosen recreation area."

"He must literally re-create himself in a health-giving environment. He will want to fill his lungs with fresh air in extensive nature reserves, themselves the last natural lungs left over in this polluted globe."

"More than ever," he continues, "tourists desire a vacation land with endless horizons. Switzerland's wild, untouched Alpine valleys especially impress our guests from densely populated cities. And the Switzerland of tomorrow must guarantee these health-giving open spaces. This is more important than mere technical development of hotels and holiday centers."

The countryside—the basic asset of our tourist country—is irreplaceable once it is destroyed," says Dr. Kampfen.

"Looked at in this light, the

first requirement for a tourist country—at the top of the list of priorities—is the protection, guarantee and maintenance of its recreational areas."

Bank Firestone

LIMITED

BALANCE SHEET

October 31, 1971

ASSETS	Swiss Francs	LIABILITIES	Swiss Francs
Cash	757,518	Due to Banks on Term	500,000
Due from Banks at Sight	2,637,005	Customers' Accounts at Sight	2,605,161
Due from Banks on Term	93,719,026	Customers' Time Deposits	56,605,581
Current Accounts—Secured	420,988	Sundry Liabilities	5,149,776
Fixed Advances and Loans-Unsecured	598,875	Share Capital	30,000,000
Securities and Investments	31,082	Legal Reserves	70,000
Sundry Assets	267,356	Retained Earnings	3,501,330
TOTAL ASSETS	98,431,848	TOTAL LIABILITIES	98,431,848

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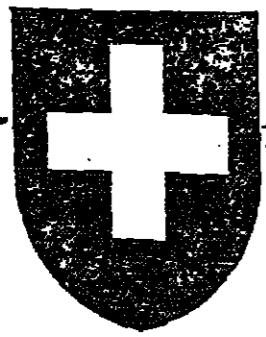
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The Mutual Fund Market: Strength and Change

By Jan Nugent Pearce

ZURICH.—Swiss mutual funds had a good year in 1971, despite the international currency crisis and uncertainty on the American and Swiss stock markets. The number of foreign funds selling here dropped sharply, the result of a new law governing their operations, and their redemptions exceeded sales in the second and third quarters.

Swiss funds' sales of 15 billion Swiss francs from January to September exceeded the total amount sold in 1970, the previous record sales year. Funds with

foreign investments paid a price during the monetary upheavals, but generally dividends were stable, or a bit higher, in the year.

The composition of the Swiss mutual fund market has changed drastically since the late 50s, when well over 100 foreign mutual funds captured three-fourths of the market. The sales figures illustrate what has happened:

In 1969, foreign funds' sales exceeded 757 million Swiss francs, and relatively few people cashed in their shares. Sales dropped sharply to 481 million francs the next year while redemptions

jumped substantially. In 1971, there were 67 foreign funds operating, and redemptions exceeded sales during most of the year.

A New Law

Some of the drop was caused by a crisis of investor confidence and currency and stock market problems. But much was due to the effects of a new law drafted by Swiss authorities after observing the crisis of IOS and several other go-go funds, many of whom had luxurious headquarters in Geneva. The sales figures illustrate what has happened:

In 1969, foreign funds' sales exceeded 757 million Swiss francs, and relatively few people cashed in their shares. Sales dropped sharply to 481 million francs the next year while redemptions

remained relatively stable during 1969 and 1970 and increased in 1971. Redemptions grew somewhat last year, but remained generally moderate.

The new Swiss regulation for foreign funds became effective in 1971. Its provisions (and its effect on the market) are similar to those of the new German mutual fund statute.

Switzerland now requires each foreign fund to appoint a Swiss bank, with minimum capital of 27 million Swiss francs, to handle its advertising, distribution and act as its cash depository. Subscribers must be able to cash in their shares at any time.

Investment Policy

The new rules also cover investment policy. They forbid foreign funds from making hedge transactions or short sales. They cannot buy stock in other mutual funds or take up more than

10 percent credit compared to their total assets.

Independent auditors must check the annual financial figures, and each fund's prospectus must be in one of the Swiss languages—German, French or Italian.

Foreign funds that cannot meet these requirements are not allowed to sell in Switzerland. Although there have been complaints, Swiss officials insist they have merely tried to apply the same rules to non-Swiss and Swiss funds in order to protect investors.

The Swiss are inventive savers and investors. According to official statistics, the per capita investment in mutual funds is 1,300 Swiss francs—well above the comparable American or German figures.

The Swiss funds are generally a sound, conservative lot. Most of them are owned by Swiss banks, who publicize them widely as a good investment prospect for smaller investors.

Many foreigners also invest in

Swiss funds because of a favorable tax advantage available to them.

The customary 30 percent tax on share profits can be avoided by foreigners if 80 percent of the fund's income comes from foreign investments. No one knows how many foreigners own Swiss fund shares, but some funds report 30 to 40 percent of their shareholders are non-Swiss.

INTRAG, Switzerland's largest with total assets of 3.3 billion francs, is owned by Union bank, Switzerland's largest bank. It was founded in 1928 and now manages 14 funds. Each of the big banks manages a string of funds, whose investments range from securities, bonds and real estate to miscellaneous investments in specific countries.

During 1971, sales of both funds—regarded as a good vehicle for cautious investors—showed very heavy gains. Real estate funds, which are strictly regulated under Swiss law, sold well, but their increases were not as great.

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PARIS, TUESDAY, FEBRUARY 22, 1972

FINANCE

Bank Experts Dismiss Euroslump as a Myth

By H. Erich Heinemann

FRANKFURT (UPI)—Diether H. Hoffmann, a member of the board of management of the Bank für Gemeinschaftsbank, is not worried about unemployment.

His bank, the keystone of a business group with considerably more than \$5 billion in assets, is owned by the German trade unions, and thus its management presumably should reflect their viewpoint at least in general terms.

But despite the evident economic slowdown in Germany this year, Mr. Hoffmann, in an interview here the other day, argued that control of inflation should have relative priority in government policy now. He added that whether Chancellor Willy Brandt's Social Democrats stayed in power in the general elections due in late 1973 would "depend largely on their ability to reduce the rate of inflation to less than 4 percent."

Business Demand a Worry

To be sure, Mr. Hoffmann is concerned that there could be a "sharpfall" in the demand for capital goods this year, and he wants increased government spending to offset the decline in new orders that has showed up in the last few months.

But, assuming this is done, he is convinced that joblessness will not be an important political factor.

Informed analysts here doubt that the number of foreign workers—more than 2 million—will decline substantially this year, and in the meantime there are some

considerable views of the European economic outlook:

• The government and the Austrian National Bank have just announced a package of measures designed to sop up excess liquidity in the economy, scale back government efforts to stimulate business and limit borrowing for new expansion. The trade unions are being asked—in conversations still going on—to moderate their wage demands.

• Officials at the Swiss National Bank flatly say "we cannot speak of recession." The main problem in the Swiss economy, they state, is the paucity of labor, so that "there is no real risk of unemployment." While the domestic demand for goods and services, they say, is likely to remain high, there was hope that a somewhat slower business pace elsewhere in Europe would lead to a "normalization" of the presently excessive demand for Swiss exports.

• In Frankfurt, Herbert Wolf, economist for the Commerzbank, said simply that the expected recession "will not take place." Mr. Wolf is prominent among those

(Continued on Page 17, Col. 3)

Such an announcement would follow closely last week's decision by the central bank and Finance Ministry to permit Japanese to remit as much as \$1,000 abroad in any one transaction. The previous transaction limit was the equivalent of \$100. There are no restrictions on the number of transactions of this kind; an individual may make over any particular period.

The expected change would benefit the government, which is seeking ways to slow the growth of its official reserves. Some officials fear that if the reserves continue to grow at the current rate, pressure for another revaluation of the yen could mount.

Foreign currency held in private bank accounts by Japanese companies and individuals would not count as part of the country's official reserves.

Industrial Sales Rise

6 Percent in Germany

WIENRABEN, West Germany, Feb. 21 (AP)—West German industrial sales totalled \$63 billion deutsche marks in 1971, up 6 percent from \$59.9 billion DM in 1970, the federal statistics office reported today.

The 1971 figure included exports of \$10 billion DM, up 8 percent from 1970.

In December, industry sales totalled 49 billion DM unchanged from November but up from 48 billion DM a year earlier.

Foods and beverages posted the largest rise—27 percent in 1971 exports. Consumer goods exports gained 7 percent.

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FINANCIAL NEWS AND NOTES

Consortium Plans Alumina Project

SUMITOMO Chemical reports that an international consortium of six companies plans to invest about \$2 billion yen (\$428 million) on a project to mine bauxite and produce alumina in the Kimberley area of Western Australia. The six companies are Sumitomo Chemical, Showa Denko, Marubeni, Sumitomo Shōki Kaisha, American Metal Climax and Holland Aluminum. Approval of the Japanese companies' plan to contribute \$52 million to the cost of the project is expected from the government around June this year, Sumitomo says. The consortium plans to build an alumina plant by early 1975 with an initial output of one million tons a year, which will be shared among the partners according to the scale of their investment. Sumitomo adds it notes that Anaxx owns the bauxite mining rights in the Kimberley district of reserves estimated at about 200 million tons.

Ford Control of Röchler Approved

Ford has obtained French government permission to acquire control of Röchler, a major producer of highway building equipment, the Finance Ministry has announced. Permission was given after the failure of efforts to find French financial backing for the firm. As a result, Ford has acquired 51.46 percent of Röchler's outstanding stock at an estimated price of 60 francs per share and has obtained a solid base in Europe for expansion of sales of heavy-duty equipment. Röchler has eight plants in France employing 5,000 persons.

U.K. Food Group Acquires Chats

Cavenham, a British food group, has declared its \$20-million takeover offer for Allied Supplies unconditional and announced that it has 87.7 percent of Allied's equity. Cavenham has also won 90 percent of the voting rights of Allied, a retailing and wholesale company with 1,700 stores throughout Britain and extensive overseas tea plantation interests. Cavenham is to issue new shares, which have been granted a quotation, to Allied shareholders who accepted its offer.

Through Recycling Process

Central Banks Tied to Dollar's Weakness

By William Ellington

LAUSANNE, Switzerland, Feb. 21 (AP)—Many central banks added to the dollar's instability last year by allowing their currency reserves to be channeled through the Eurodollar market and back into official reserves in a kind of unanticipated process. Union Bank of Switzerland disclosed in December in presenting its year-end results.

Net profit rose 14.8 percent last year, the bank reported, to 14.1 million Swiss francs (\$3.7 million), up from 12.45 million Swiss francs in 1970. Total income for the year was 17 billion Swiss francs up 6.3 percent from 16 billion Swiss francs the previous year.

Even central banks from the Group of Ten indirectly contributed to the multiplication of dollars, though some of them at the time were trying to stabilize the dollar through support purchases, Philippe de Week, a Union Bank director general, and J.M. Clerc, an assistant director general, told separate press conferences. They revealed:

• About 20 central banks, including some from the Group of Ten, accounted for "nearly all" the annual rise in Union Bank's Swiss-franc time deposits by other banks. The deposits rose 4.5 billion francs (about \$1.8 billion) to 7.53 billion francs on Dec. 31.

One Dollar—

LONDON (AP)—The late or closing interbank rates for the dollar on the major international exchanges:

Today	Previous
Stec. 15 per Fr. 2,005.50	2,006.70
Belgian franc 42.70-73	42.75-80
Deutsche mark 5,172.55	5,170.10
Danish krona 6,971.50	6,970.70
Fr. 500 Fr. 500	5,070.45
Cr. 1,720-42	1,715.55
Ir. 4.20	4.20
Sw. 5,850-57,525,55-58,55	5,850-57,525,55-58,55
Peso 65.81-65.82	65.80-80
Shilling 28.10-12	23.04-06
Sw. krona 4,787-780	4,770-60
Sw. franc 3,5200-20	3,5400-35
Yen 302.57	302.52

Real Estate Costs Burden Hong Kong's Economy

HONG KONG, Feb. 21 (NYT)—Where was the highest payment ever made anywhere in the world for a square foot of land?

Not in midtown Manhattan, central London or downtown Sydney. But in Hong Kong.

The outlay was U.S. \$81. And for \$3,000 of such high-priced square feet on the Hong Kong island waterfront a total of \$43 million was paid out.

The figure illustrates the land shortage and high rentals that are burdening business and driving up the prices of everything in this tight, overcrowded British territory.

The \$81 has not been equaled since Hong Kong Land Investment & Agency Co. paid out that amount in 1970 for a site on which a 52-story office building is under construction.

The Hong Kong Land building will be the highest in Hong Kong, demonstrating that, given such high-priced land, the only way Hong Kong can cope with its congestion is to go up, and that it is going to become possibly the most skyscraper-studded city in the world.

But even the savings afforded by high-rise buildings are failing to keep rents at economical levels, and they are adding a massive amount to the cost of doing business here.

It is a constant complaint of manufacturers here that high land costs and rents for factory buildings are a major difficulty in their efforts to remain competitive in world markets.

One big cause of the squeeze on space is the influx of U.S. regional offices and families fleeing the even higher rents, smog and crowding of Tokyo.

More and more American concerns are also locating here.

The result seems likely to be creation of the same conditions they have been trying to escape elsewhere.

Regional Mart Battles SEC Membership Rule

PHILADELPHIA, Feb. 21

—A historic financial battle is shaping up here at the Philadelphia-Baltimore-Washington Stock Exchange, and there is little doubt that its outcome will have an impact on the future structure of the securities industry and therefore on millions of investors.

It all has to do with who should be allowed to buy seats on stock exchanges and what kind of business they should be permitted to do. The Philadelphia exchange has taken a rebellious stance that has caused a committee in the Wall Street and Washington in recent weeks.

In the opening round of what may be a struggle for survival, the P-B-W believes that institutional membership is in the public interest. And the leading banking Weathers, is doubtful that the federal agency has the power to force the regional boards to comply with its directive.

"The courts have told us that money managers have the fiduciary obligation to reduce their costs. What better way is there for them to meet that obligation than by establishing their own broker-dealers?" he asks.

Bar to Bigness

The P-B-W believes, in effect, that any financially sound broker-dealer in securities should be permitted to belong to the exchange. The SEC and the Big Board disagreed. They think that mutual funds, insurance companies and other big institutional investors should be barred from funneling brokerage business for their huge investment portfolios through their own brokerage subsidiaries.

The Philadelphia exchange, however, has welcomed such business with open arms. Brokerage affiliates of no fewer than 46 institutions, mostly insurance companies and mutual funds, now own seats on the P-B-W. These 46 firms have been accounting for at least half the total volume of stock trading on the exchange.

Why? Because most of them were established as vehicles to avoid the system of fixed commission charges levied by members of the Big Board. Why pay a non-affiliated brokerage firm a sales commission to have stocks bought and sold, they reason, when you can reapportion that sales charge by channeling your buying and selling through your own broker-dealer subsidiary?

Inflated Importance

As a result, this small exchange's importance has grown far out of proportion to the amount of business it does. In a good month, the P-B-W will trade more than 13 million shares, as it did in January.

The Big Board often trades that much in several hours, but it fears that, if the trend continues, more and more trading will be shifted to places like Philadelphia. This, it contends, will so fragment the market that the realistic pricing of securities, reflecting the full forces of supply and demand, will be impaired.

The NYSE also argues that the brokerage business probably will become dominated by large financial institutions if they continue to join exchanges that will put even more economic power at the disposal of already powerful enterprises, and that ultimately small investors will have no chance trading against the institutional giants.

It is also suggested that institutions with brokerage affiliates will increase their trading because of their ability to avoid

Profit Jumps 40.9% At Trust Houses Forte

LONDON, Feb. 21 (Reuters)—Trust Houses Forte Ltd. said group net profit rose 40.9 percent in the year ended Oct. 31.

Profit was \$2.75 million, or 15 cents a share, up from \$2.1 million, or 7.91 pence, in the previous year.

The group declared a total dividend of 30 percent, up from 20 percent in 1970.

A savings rate of about 6 percent of disposable personal income is regarded as about normal.

Oxy Posts '71 Net Loss of \$67 Million

Suspends Cash Payout On Common Stock

By Clare M. Reckert

NEW YORK, Feb. 21 (NYT)—Occidental Petroleum Corp. reported over the weekend that its net loss in 1971 totaled \$67 million and that cash dividends on the common stock will be temporarily suspended. In 1970, the company had a net profit of \$175 million, or \$2.93 a share.

Last year's loss is after a charge of \$88 million for the emergency tanker fleet. The charge, which included a reserve of \$60 million for possible future losses, resulted in an operating loss of \$93 million before extraordinary charges totaling \$10 million.

Operating profit before tank and extraordinary charges was \$80 million, according to the report.

The emergency tanker fleet was created in late 1970 and early 1971 to provide additional capacity against a possible shutdown of production in Libya.

While some losses from fleet operation were incurred by the end of the 1971 third quarter, the company said it anticipated that the worldwide tanker market would improve in the 1971-72 winter season.

Tanker rates had improved temporarily, but a warm winter in Western Europe and an economic slowdown led to an oversupply of petroleum products with distress prices in heating and fuel oil, the report said.

Results last year were also adversely affected by an industry-wide strike that shut down the company's coal operations for almost seven weeks in the fourth quarter, with an estimated impact on profit of \$11 million.

Depressed petroleum prices in Europe in the second half of the year, lower Libyan production and poor results from domestic chemical operations were also cited.

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Profits (millions) .. 13.67 12.75

Per Share 0.50 0.68

Year

Revenue (millions) 1,255.89 1,218.48

Profits (millions) .. 55.26 68.25

Per Share 2.01 2.47

To Our Readers

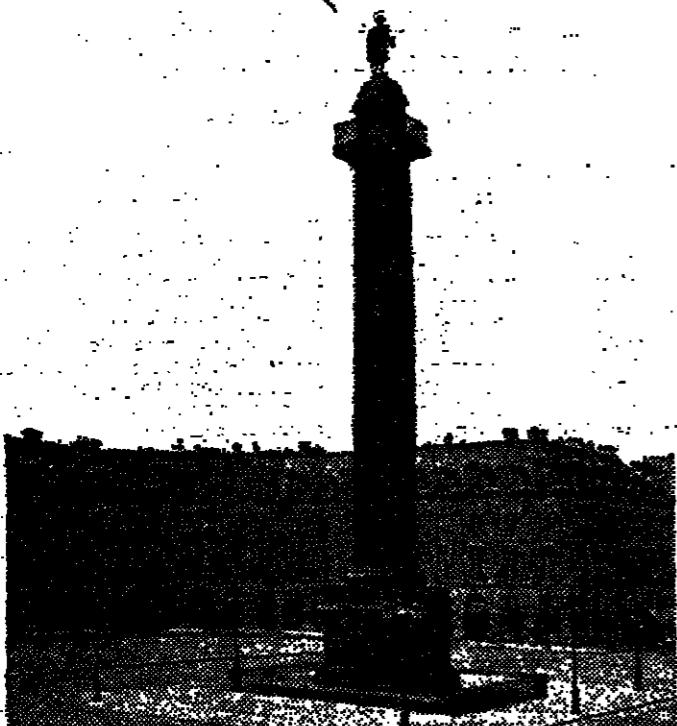
All U.S. financial and commodities markets and banks were closed Monday, Feb. 21, in observance of the Washington's Birthday holiday.

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Assets	
Cash and Due from Banks	\$ 947,452,552
Time Deposits in Foreign Banks	518,450,244
Investment Securities:	
U.S. Treasury Securities	385,672,594
Securities of Other U.S. Government Agencies and Corporations	141,879,981
Obligations of States and Political Subdivisions	768,246,987
Other Securities	49,425,938
Total Investment Securities	1,325,223,510
Trading Account Securities	105,181,798
Funds Sold:	90,155,000
Loans:	4,469,028,834
Direct Lease Financing	43,787,883
Bank Premises and Equipment	112,594,244
Customers' Acceptance Liability	50,729,895
Accrued Interest Receivable	57,571,774
Other Assets	62,105,508
Total Assets	\$7,785,884,222
Investment securities aggregating \$820,479,061 on December 31, 1971 were pledged to secure public deposits, trust deposits and other deposits as provided by law.	
Liabilities and Capital	
Demand Deposits	52,219,717,903
Savings Deposits	1,681,229,777
Savings Certificates	832,831,830
Certificates of Deposit	269,314,510
Other Time Deposits	524,527,740
Foreign Deposits	856,928,421
Total Deposits	6,384,550,181
Funds Borrowed	667,911,816
Mortgages Payable	19,715,299
Acceptances Outstanding	50,729,895
Accrued Taxes and Other Expenses	40,153,862
Reserve for Unearned Discount	58,583,167
Other Liabilities	63,733,453
Total Liabilities	7,313,577,173
Reserve for Loan Losses	73,384,587
Capital Accounts:	
Borrowed Capital:	
4 1/4% Capital Notes due 1989	50,000,000
Total Borrowed Capital	50,000,000
Equity Capital:	
Capital Stock—\$10 par value, authorized 12,000,000 shares, outstanding 9,283,409 shares on December 31, 1971	92,884,090
Surplus	160,878,440
Surplus Representing Convertible Capital Notes Obligation Assumed by Parent Corporation	25,062,700
Undivided Profits	70,247,232
Total Equity Capital	346,922,462
Total Capital Accounts	393,922,462
Total Liabilities and Capital	\$7,785,884,222

Investment securities aggregating \$820,479,061 on December 31, 1971 were pledged to secure public deposits, trust deposits and other deposits as provided by law.

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they haven't all been taken

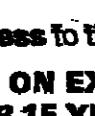
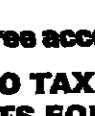
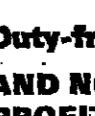
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Bankers Reject Euroslump as Myth

Inflation Held Bigger Problem

(Continued from Page 15) analysts who are concerned that the German slowdown may be too mild to have much effect on inflation.

• Sir Frederic Seckham, vice-chairman of Barclays Bank, predicted that the 1971 U.K. recession (the economic paralysis resulting from the coal strike to the contrary notwithstanding) had reached its trough. Signs of inventory accumulation were appearing, he said, which, when coupled with the improvement in productivity that had taken place, should bring corporate profits snapping back smartly.

The only serious dissent to this generally bullish view was heard in Amsterdam, where central banking officials expressed great concern about the severity and duration of the squeeze on profits in the last two years that has been caused by wages rising much more rapidly than productivity. The downturn in profitability has so clouded the corporate outlook, they argued, that for the first time since the war there was a broad reluctance among leading businesses to spend for new plant and equipment.

The outcome of Dutch officials is for a much "cooler" economic climate in the first part of the 1970s than was characteristic in the late decade.

However, in Germany, which because of the size and dynamism of its economy has a major influence on the business trend all over the Continent, the forecast is not so sanguine.

It is true that German industry is suffering from a host of problems—not the least of which is a serious decline in profits—but analysts see a number of major factors at work to turn the economy upward, especially in the second half.

Substantial Growth Seen

For 1972, real economic growth (total output measured in deutsche marks of constant purchasing power) is expected to be about half the 4 percent rate considered here to be "normal."

But this performance is expected to be the result of a very slow first half and a much more vigorous second. Furthermore, a 2 percent rate of growth in real output, if it were achieved, would be about twice what many German forecasters expected only six or eight weeks ago.

Staff economists at the Bundesbank cite four major factors as likely to provide upward thrust:

• Government stimulation. In the year ended last June, the government collected roughly 8 billion DM in the form of a special 10 percent income tax surcharge. But by law the surcharge must be repaid to the taxpayers no later than March of next

year. This repayment is likely to come this summer and at the same time the government is also readying a special 2.5 billion DM program to finance additional public investment.

• Housing. To put an hedge against rapidly rising prices, Germans have been rushing to buy new houses, with the result that at the end of last year Germany, with a stable population, had one million new housing units under construction, by far the highest total in its postwar history.

• Capital spending. Rising output should absorb the slack of unused industrial capacity in

relatively short order so that by year's end a new boom in plant and equipment outlays could develop.

• External demand. Economic recovery, especially in the United States and Britain, should spur the demand for German exports.

The sum of these factors leaves some high officials in the Bundesbank with the uneasy feeling that Karl Schiller, Minister of Finance and Economics, may be getting ready to jump into the economy with new stimulation "at a far too early stage."

The trade unions, these officials argue, "do not see any reason to be particularly reasonable" in their wage demands since they, too, can see a marked economic pickup coming in the second half of 1972.

Panel Urges IMF Powers To Fine' Offending Nations

By Edwin

WASHINGTON, Feb. 21 (UPI)—

A panel of economists, lawyers and government officials recommended yesterday that in a reformed world monetary system the International Monetary Fund be given powers to penalize nations that refuse to abide by internationally agreed recommendations on their economic policy.

The panel, sponsored by the American Society of International Law, proposed a formal amendment to the IMF's articles of agreement, spelling out carefully safeguarded procedures that could lead in the end to sanctions against a nation whose policies, or wrongly valued currency exchange rate, were deemed to be damaging the international economy as a whole.

The sanctions, in the case of a country with a chronic balance-of-payments surplus, could take the form of a tax imposed by all other countries on imports from the offending country. Or the IMF could exact a "fine" in the form of a deduction from the country's monetary reserves, particularly special drawing rights.

In the case of a country in chronic deficit, needing to devalue its currency, the sanctions could be a cutoff of all credit, from the fund itself and the member countries. The country could also be allowed to use temporary import restrictions and export subsidies.

Under the proposed system, a country could be requested to "lose" its currency and eventually the new international review body proposed in the report could specify the new exchange rate at which the currency should be fixed.

The report said: "It is undoubt-

edly true that compliance is a difficult concept for sovereign nations to accept. But if the panel is correct in its judgment that a highly integrated world economy operating within the context of relatively stable exchange rates will require a high degree of policy coordination to avoid serious breakdowns, then an acceptable compliance procedure will be essential."

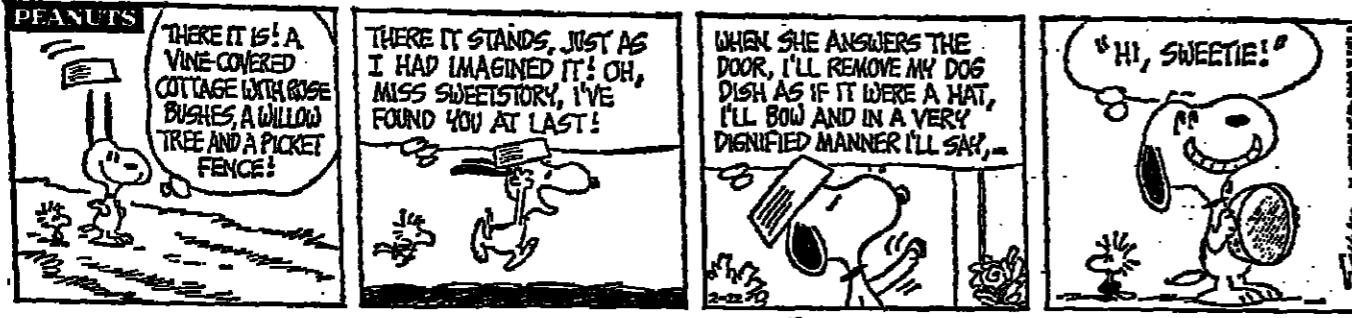
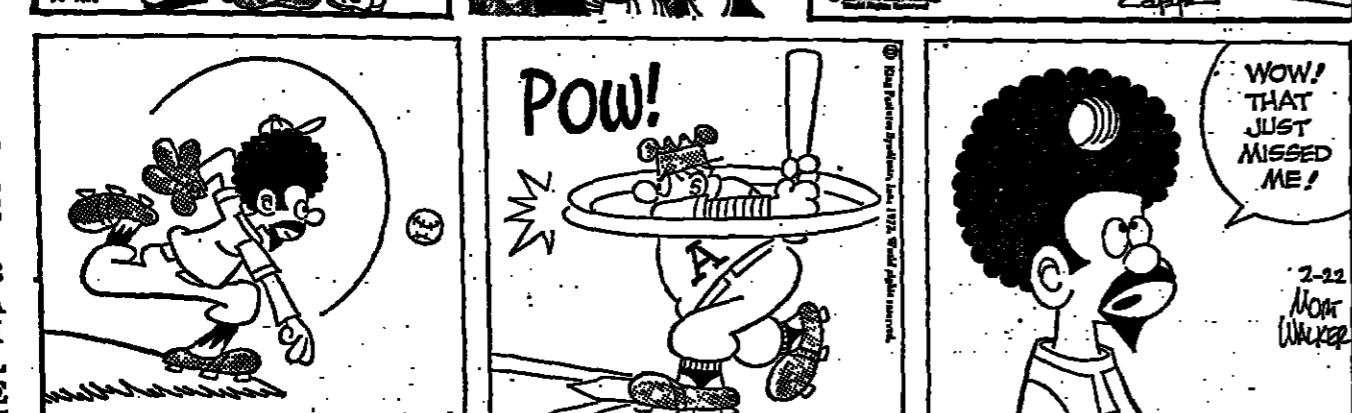
Broad Consensus Needed

The study group of 26, aided by a Ford Foundation grant, was headed by Stanley E. Surrey of the Harvard Law School.

The report recommended a several-stage voting procedure that would make sure no country could receive a formal recommendation—and eventually be penalized—without the overwhelming concurrence of the international community generally.

The proposal would be one way of meeting a major U.S. objective in the forthcoming negotiations to reform the system—means of forcing action on chronic surplus countries, and not only on deficit countries as at present. The most likely action to be recommended to a surplus country under the new procedure would be an upward revaluation of the country's currency exchange rate.

Once unfamiliar and untrusted charter

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BOOKS

THE DOUBLE-CROSS SYSTEM

In the War of 1939 to 1945

By J. C. Masterman, 203 pp. Yale. \$6.95.

Reviewed by Thomas Lask

A casual thumb-through of Sir John Masterman's book would fix it as a bare-bones study of one part of the espionage business in World War II: the control of German agents operating in England. The book is spare, absolutely free of histrionics, impersonal, with the calculated detachment of a primer, which is predictable. It is also free of cinematic hyperbole and of that personal intrusion found in current books on espionage that make the author's effort in writing the book the equal of the most hazardous exploit in it. Sir John worked with the counter-espionage organization that he is analyzing, and he wrote it in 1945, immediately after the events described herein. It was intended as a history of this branch of the service, complete with successes and failures and what could be learned from both. No event was blown up by what was later discovered from history. For obvious reasons, the book was classified at the time of its writing, and only now has the British government released it for common consumption.

It has the defects of its virtues. It has been depersonalized to a fault. Each happening becomes a case illustrating principles worthy of subsequent note. It is hard, therefore, for the average reader to find the individual behind "Garbo" or "Iricle" or "Snow." Some of the incidents are so dramatic, such as the one in the later stages of the war in which the Germans were persuaded that their V-1 and V-2 bombs had overshot their targets, that one would like to read a step-by-step account of what questions were received from the Germans, what answers were sent and how the results took shape.

The fact that West parts with spades makes it clear that he has given up hope of running that suit. And when he plays the two and the four East should understand that the lower side-suit, diamonds, is wanted. If West wanted hearts, he would discard the nine and jack of spades. On this basis, with partnership cooperation, the winning shift to the diamond queen becomes a clearcut choice for East.

How dramatic the events really were can be gathered from the extended account of one of them in Ewan Montague's "The Man Who Never Was" (1953), which told how a corps was washed ashore in Spain carrying documents purporting to show where the next Allied invasion in the Mediterranean was to take place.

And it would have been very pleasant to have had a little more of the author in the book. He has kept himself so thoroughly out of this memoir that it is impossible to learn anything about him and impossible to share the rise and fall of his feelings in expectations fulfilled or hopes blasted.

Nevertheless, in spite of such lengthy digressions, these bones live, and it is not likely that the book will be easily matched in telling how this operation truly was. There are no absolutes in the book. It is full of nuances, shades, possibilities. Those in charge were continually skeptical, weighing and balancing to the last ounce. They had to think as Englishmen, as Germans, and as the agents in between. Sir John remarks that the man in control of a particular agent had to get inside the skin of the man he was directing. A large area of frightening supposition was involved, and it was not easy to check on results.

The aim of Sir John's group was to control the agents Ger-

many had sent to Britain. This was not the same as destroying them. The idea was to locate them—evidently not a very hard thing to do—to turn them around and use them for British purposes. Thus England could learn how the German espionage system worked, who its members were, what information it sought and what could be gathered about their intentions from their questions. It was possible to tell, as the war went on, that the Germans had changed from the offensive to the defensive in their thinking, from the invasion of Britain to the defense of French shores. Contrariwise, when confidence had been built up among the Germans, it became possible to send false information. The whole business of deception, as the author tells it, was one of the effective though quiet victories of the war.

All of this activity demanded enormous sophistication. The information the Germans asked for was concrete and exact. The English replies had to be equally so. The problem was to provide believable answers to the Germans without really giving anything away. The agents were a motley group and always a brittle element. Some were loyal to England and were masterly in their work; others were unstable and only spottingly valuable. An ever-present danger was that some bits of information wouldn't jibe and the agent might be "blown," to use Sir John's own phrase. He discovered later, and he cites it as one of the mistakes of the German Abwehr, that too many German officers began to have vested interests in their spies and lost that critical objectivity that was a necessary ingredient in such an undertaking. In some cases it seemed almost impossible for the British to destroy the credibility of the agent to his German master.

Every reader will be fascinated by the foresight and planning that went into the creation of every deception. It was found to be wise, for example, to feed erroneous information to the Germans by bits and pieces rather than by a massive dollop through one man. It was startling to read that, as far back as 1943, the Germans were asking about American atomic research. And one realizes too that the book is not a story of fanciful derring-do, when the author mentions that some agents were executed after they were caught, because even the Germans would not believe that every one of their men had gotten through.

During the war, the British published a number of monographs, accounts of various actions in which their military services were involved. I recall these papers, especially the ones dealing with sea warfare, as among the finest chronicles I read at the time, superbly written and maintaining an attractive balance between the heroism of the action and the cool tone of the telling. Sir John's book reminded me of those monographs. It belongs with the best of them.

Mr. Lask is a New York Times staff book reviewer.

CROSSWORD

By Will Weng

1	Pony	62	Family members
2	Approach Fr.	24	Joint
3	Native of Oman	27	Correct
4	Prepare	29	Exhausted
5	wallpaper	30	Deserve
6	concern	31	Depots: Abbr.
7	Comet	32	Small lumps
8	Healed wound	33	Canadian rebel
9	fix	1800's	of 1800's
10	fixe	34	Therefore
11	Ceremonial	35	Sound of disgust
12	dinner	36	N.L. player
13	Style	49	Very, in Paris
14	British tax	43	Rapid rise
15		44	Wander around
16		46	Hours
17		47	Inconsistent
18		48	Poss
19		52	Slightest
20		53	Dry-plaster
21		55	Thinking
22		56	Chemical compound
23		57	Tempos
24		58	Lotter
25		59	Deviations: Abbr.
26		60	Musical instrument
27		61	Guitar
28		62	Kind of horse
29		63	Process: Suffix

1	Genre	24	Joint
2	Cowboy's locale	27	Correct
3	Hider	29	Exhausted
4	Certain caps	30	Deserve
5	I love: Lat.	31	Depots: Abbr.
6	Miff	32	Small lumps
7	Excuse	33	Canadian rebel
8	Naval man	1800's	of 1800's
9	Extend	34	Therefore
10	Listener	35	Sound of disgust
11	Kind of pin	36	N.L. player
12	Gull's relative	49	Very, in Paris
13	Formerly, old style	43	Rapid rise
14	Equals	44	Wander around
15	Offer one's services	46	Hours
16	Code name of N.Y. airport	47	Inconsistent
17		48	Poss
18		52	Slightest
19		53	Dry-plaster
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68		103	
69		104	

JUMBLE

that scrambled word game

By HENRY ARNOLD and BOB LEE

Unscramble these four Jumbles; one letter to each square, to form four ordinary words.

VETEN

• Many other puzzles

HORCI

HALTEL

CHECIT

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Print the SURPRISE ANSWER here

A

(Answers tomorrow)

Yesterday's Jumble: CHIEF LIMIT IGUANA BARIUM

Answer: Sounds like a crime in China—A CLIMB

Scores 3 Knockdowns**Griffith Easily Defeats Kechichian on Points**

By Bernard Kirsch

PARIS, Feb. 21 (UPI)—Emile Griffith easily convinced everyone that he wasn't in the ring alone tonight because somebody kept hitting the canvas and it wasn't Emile.

The former middleweight and now lightweight champion put on an exhibition, it's not quite a performance at the Palais des Sports, which recently housed the 1968 Béjart ballet. But it was Griffith's precision and cool showmanship against a courageous but outclassed Jacques Kechichian that won him a unanimous 10-round decision.

A professional magician for 15 years, twice the middleweight and now the middleweight champion of the world, Emile confounded his opponent, the incomparable super-light champion of France.

He had Kechichian going the wrong way in the third round, and Kechichian walked into a left hook and hit the deck.

At every time, though, Kechichian, an Armenian living in Paris, got up and the sell-out crowd of 2000 roared, "What courage he has!" It was something anyone who had seen him in his previous 24 fights knew, but now he had a cut face to go with his courage. He also had his third knockdown.

Griffith was a winner for the 3d time; he has lost 12 and had

one "no decision" contest. He has lost his last three title shots, and is now working his way back towards another try, which would give him a total of 22 title fights.

Paris was his third whistle stop this year. He was born in Anaheim, Calif., and New York, Bout No. 4 will be March 23 in California against Indian Red Lopez, who has lost to Griffith in a previous bout. The coming fight was booked by Griffith's owner last Thursday, and tonight proved the perfect workout.

A judge and a referee scored it 50-40 and 50-43, which, with five points going to the winner of around, meant that Griffith won every round. The second judge scored it 49-42, and it was hard to guess which was the lost round. Charitably, it might have been the 16th, a round in which Griffith decided not to go for the knockout.

"What was the point?" said his manager, Gigi Clancy.

"Don't forget," added Griffith.

"I only take one punch to change a fight and I wasn't in the ring alone tonight. You don't want to get too careless." Emile didn't.

Except for a recently acquired spot, Emile, 34, appeared as young as ever. For the first two rounds, he bounded around, looking over his man. Kechichian had a reputation for throwing a good right. It never landed to-night.

In the third, Emile, who had been boxing from a distance, moved closer to his opponent. Emile weaved to the right, Kechichian bobbed to the left. It happened again, the same rhythm. The third time, the bobbing movement of the Armenian was cut short with a left hook and he hit the canvas.

In the fourth, again they got close, and boom, the same thing, and another eight count. Philippe Philipp, Kechichian's wife old manager who wasn't wise enough to refuse this bout (after all, Emile also said, "Anything can happen in a fight") saw what Emile was doing to his man. And a split second before the walk ended to Kechichian's second trip to the canvas, Philipp slapped his head, and the beat was echoed by Kechichian's trunks slapping the canvas.

Kechichian, 23, got up, and instead of crouching, kept his head back, and Emile due to the body, until the eighth, when he found the head and hooked Kechichian to the canvas for a third time.

"We got to take them out at a time," Griffith continued after the bout. "He was a good, courageous, strong fighter," and soon the talk drifted to future opponents to Lopez, to a possible match here in Paris against Frenchman Jean-Claude Bontier, or maybe a fight for the super-welterweight title of the world in Japan.

Commenting on a Russian protest against the decision of FIDE president Dr. Max Euwe to share the match between Belgrade and Sarajevo, the secretary said that, although according to FIDE rules the decision could only be reversed by the FIDE congress, he was prepared to discuss the issue on the next meeting of the FIDE board in Moscow.

The Russian Chess Federation, which represents world champion Kasparov, "expressed its protest that Euwe's decision to hold the match in Belgrade and Sarajevo could be against FIDE regulations," the secretary said in an official statement.

New Discussion On Chess Sites Set for Moscow

AMSTERDAM, Feb. 21 (AP)—New consultations about the issue for the world chess championship match between champion Boris Spassky of the Soviet Union and challenger Bobby Fischer of the United States will be held in Moscow on March 2 and 3, the secretary of the World Chess Federation announced here today.

Commenting on a Russian protest against the decision of FIDE president Dr. Max Euwe to share the match between Belgrade and Sarajevo, the secretary said that, although according to FIDE rules the decision could only be

reversed by the FIDE congress, he was prepared to discuss the issue on the next meeting of the FIDE board in Moscow.

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McDaniels Makes a 90-Second Debut In the NBA as Seattle Wins Again

SEATTLE, Feb. 21 (AP)—He layed only the last minute and half of the game and missed the only shot he took in his national Basketball Association debut last night, but to the earthy SuperSonics' fans in the rowd of 13,000 just the sight of 7-foot Jim McDaniels over the basket was satisfaction enough.

The former Carolina Cougar, his rookie left the ABA team and signed a six-year contract with Seattle last Friday for a reported \$1.5 million. Both the Cougars, who are decidedly upset, and the SuperSonics have filed restraining orders in state courts. Hearings on the suits are scheduled for Feb. 23. At least until then, however, Seattle has the big man he needed to help in its race for second place and a playoff berth in the Pacific Division.

Although McDaniels' performance was limited, guard Lenny Wilkens and Dick Snyder put in full night's work combining for 10 points to lead the SuperSonics to a 108-106 victory over visiting Portland Trail Blazers. It was the Sonics' seventh straight success.

Cavaliers 111, Knicks 109. Reversing a pattern that's brought them a dramatic victory.

Chicago three nights before, New York squandered a 21-point lead, and lost to Cleveland, 110-108, before a jubilant crowd of 37,700 at Cleveland Arena. The heat snapped a six-game Knicks winning streak.

In addition, it marked Cleveland's first victory over New York since the Cavaliers entered the league last season. In four games this campaign, the Cavs

were always second best.

Bucks 108, Bulls 106.

Kareem Abdul-Jabbar scored points, 16 in the fourth, qua-

ter, as Milwaukee held off a Chicago rally for a 103-100 victory.

Sparked by Bob Weiss and a rookie, Howard Porter, the Bucks cut a 15-point deficit early in the fourth quarter to 96-92 with 2:36 left. Two free throws by John Stock and a Jabbar basket built the Bucks' lead to 99-93 with 10 seconds to play.

"Playing pro ball doesn't mean that much to me right now," Walton said. "I still need to improve my game..."

NBA Standings**EASTERN CONFERENCE****Atlantic Division****W. L. Pct. GB**

	W	L	Pct.	GB
Boston	44	24	.637	—
New York	48	24	.657	2 1/2
Philadelphia	25	34	.431	17 1/2
Buffalo	17	48	.270	38
Central Division				
Atlanta	24	42	.382	—
Cincinnati	20	44	.313	5
Cleveland	19	47	.283	10

Midwest Division**W. L. Pct. GB**

	W	L	Pct.	GB
Milwaukee	32	15	.700	—
Chicago	48	24	.637	5 1/2
Indiana	22	42	.348	22 1/2
Detroit	22	42	.348	22 1/2

Pacific Division**W. L. Pct. GB**

	W	L	Pct.	GB
Los Angeles	54	3	.957	—
Seattle	48	25	.616	15
Oregon State	28	30	.481	16 1/2
Portland	28	30	.481	16 1/2
Portland	15	33	.224	21

Sunday's Games**Friday****BREMEN, West Germany****Inter swimming meet (ends Sunday)****Saturday****ESKILSTUNA, Sweden****World sprint skating champs (ends Sunday)****Sunday****CAGLIARI, Sardinia****Cycling Tour of Sardinia begins****PRAGUE—World cyclo-cross championships****Money Tale of 2 Athletes: Riches for Chones, Bitterness for Blue**

"When the college recruiters came, the stink from the dead rats in the hollow walls embarrassed me."

By Dave Anderson

NEW YORK, Feb. 21 (NYT)—In the paneled conference room of the Milwaukee law firm of Cahill, Fox and Smith one night last week, the only 6-foot-11-inch political science junior at Marquette University leaned down to sign a contract that had been arranged with the New York Nets after several hours of negotiations.

"And when I signed it," Jim Chones said later, "I heard angels singing and water running off a mountain."

He looked around at his attorney, Eugene Smith; at Roy Boe, the Nets' owner; at Bill Skelton, the Nets' attorney.

"I got to go," he said quickly. "I got to go home right now. I got to tell everybody at home all about this."

He drove to nearby Racine, Wis., in a white Camaro that often borrows from his best friend, Sylvester Harris, a 26-year-old Racine policeman. He doesn't own a car. He often rides the bus, \$1.15 one way, from Racine to the Marquette campus. His mother has a car, but she uses it to get to work at the Hobo Restaurant, where she makes salads. But when his oldest son parked outside the old green wooden house on Edgewood Avenue, her four daughters and other son were asleep. He woke up everybody except 11-year-old Sylvia.

"He just put the contract on the dining room table," Mrs. Marie Chones recalled. "My players had been answered."

The following morning, when Sylvia learned of the contract, it was her turn to announce it throughout the household.

"Bunny signed a contract," she said, her nickname for her brother's middle name, Barnett. "We rich. We rich."

Ever since J.W. Chones, founder worker, died two years ago, his widow has struggled to keep her close, Baptist family together. Another son might've ignored his mother's struggle, but Jim Chones didn't. Nearly a year ago, another American Basketball Association team had offered him \$25,000 in a five-year contract.

"I told Jim to wait, that it'd be doubled," Al McGuire, the Marquette coach remembered. "And he almost got it tripled."

From that, it would appear that the Nets assured Chones about \$1,500,000 over five years in what Boe describes as "real money"—not stock, not munitions, not gimmicks. Portland, Buffalo and Cleveland of the National Basketball Association had bid for him. So had another ABA team. Unlike other college basketball players who chose to sign secretly in order to maintain their eligibility, such as Howard Porter of Villanova last year, Chones signed openly, terminating his college career immediately, although he can't join the Nets until next season.

"I wanted to get it over with," he explained. "My being the oldest, I had a commitment to my family. Ever since I turned down the offer last year, I questioned myself. I thought, suppose I break my leg, who'll take care of me? Growing up, the worst thing was seeing my father always trying, but never making it. We were bankrupt five or six times. We had to spray our house for roaches, sweeping 'em up in a pile. When the college recruiters came, the stink from the dead rats in the hollow walls embarrassed me."

He doesn't have to be embarrassed any more. But his new commitment is to fulfill his potential as a basketball player and to complete his credits for a college degree.

"It's not going to be instant coffee," Al McGuire predicted. "It'll take a couple years, but it's there. He's got the ability to turn a pro club around. And he's got to get his degree. We don't run a plantation here. The degree is the thing here. That's why you go to college. He'll finish at a Long Island (N.Y.) college, I guess. It's important for him to finish. Important for other black kids to see him finish. He will. Jim Chones is a good person."

Priorities

With him, Marquette, unbeaten this season and the nation's second-ranking team, might've won the National Collegiate championship. But he doubts that his ex-teammates will resent his decision.

"They understand, we've talked about it," he said. "We had a great team. Even when we played bad, we won. With all the pressure, I hadn't improved since last season. But now I think I'll be able to get my game together. My game is a lot like Willis Reed's on offense, a lot like Nate Thurmond's on defense. I'm a long way from them, but it's there. And another thing, I wanted to play in New York because New York is basketball. If you do it in New York, you've done it."

Perhaps, if he had waited, the New York Knicks would've dealt for a low draft choice to get him.

"Maybe, but I couldn't wait. I didn't want to wait," Jim Chones said. "Things happen in priorities. My first priority is to my family. My father always told me, 'Don't let basketball make a fool of you,' meaning don't let it become the first priority. I hope I haven't."

Trio at UCLA Would Accept Offers From Pros

SEATTLE, Feb. 21 (AP)—Three members of UCLA's top-ranked collegiate basketball team—but not star center Bill Walton—have said they would sign professional contracts now if the price was right.

Senior guard Henry Bibby and junior forwards Larry Farmer and Larry Hollifield made the statement after Marquette, the nation's No. 2 team, lost star junior center Jim Chones to the New York Nets of the American Basketball Association.

Bibby, the deadly outside shooter who has started on National Collegiate Athletic Association championship teams the last two seasons, said, "Sure, I'd sign if the money were good and the contract sound. What would be the sense in waiting?"

"Playing pro ball doesn't mean that much to me right now," Walton said. "I still need to improve my game..."

Six Old-Timers Of Basketball To Be Honored

SPRINGFIELD, Mass., Feb. 21 (AP)—Max O'Malley Friedman of New York, at 82 perhaps the oldest living star of basketball's early days, is one of six old-timers who have

